

Weekend

Dark secrets
Edwina Currie, sunglasses and the second car

How the east was won
'Soviet-trained diplomats rarely weep in public. But there was no mistaking the tears'

Page I

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FINANCIAL TIMES

JULY 5 / JULY 6 1997

Weekend

Looking the part
'Platini knows that World Cups are not judged by trains running on time and jollity of spirit'

Page IX

Rag-bag fashion
'Top designers scour flea markets for inspiration - but with increasing vigour in the last year'

Pages X, XI

Trade war fear as competition panel calls for blocking of \$13bn deal with McDonnell

EU threat to Boeing merger

By Neil Buckley in Brussels, Patti Waldmeir in Washington and Christopher Parkes in Los Angeles

The threat of a trade war between the US and Europe loomed last night after a key EU competition panel recommended that the \$13.3bn merger of Boeing and McDonnell Douglas should be blocked unless the deal was substantially changed.

Federal Trade Commission, approved without preconditions what would be the 10th largest US merger.

The move by Brussels represents an ultimatum to Boeing to come up with what the EU committee called "adequate remedies" to their competition concerns before July 23 - when the European Commission is expected to take a final decision - or see the deal vetoed.

The ruling of the advisory committee of EU states' representatives came three days after the US regulator, the

irritated by the timing of the decision, at the beginning of the Independence Day holiday, "Happy Fourth of July," said the White House.

tough stance of Mr Karel Van Miert, competition commissioner, that the merger would strengthen Boeing's already dominant position in the global aircraft market.

Mexico's gravy train is set to hit the buffers

But little change is likely, writes Leslie Crawford in Mexico City

The potato man, leaning over a barricade of spoils at the vast Central de Abasto food market on Mexico City's outskirts, took out his pocket calculator to illustrate the cost of Mexico's elections tomorrow.

left-wing Revolutionary Democratic Party (PRD). Seven decades of corrupt government could also cost the ruling Institutional Revolutionary Party (PRI) its majority in the Chamber of Deputies.

HK fears flood of child immigrants

By John Ridding in Hong Kong

Hundreds of families flocked to Hong Kong's immigration department yesterday seeking legal status for Chinese immigrant children following the territory's return to the mainland.

mated by the Chinese authorities, there are more than 40,000 children - and possibly as many as 100,000 - with a Hong Kong parent, and hence a right to live in the territory under the post-colonial constitution. Under existing rules, only 150 people are allowed to migrate to Hong Kong from the mainland each day.



The Pathfinder space probe landed on the surface of Mars yesterday and began transmitting signals. Earlier, Rob Manning, NASA flight systems chief engineer, gave a mission status briefing to reporters at the Jet Propulsion Lab in Pasadena, California. On the right is a model of the Pathfinder spacecraft and six-wheeled robotic rover

"I supply the fire brigade, two hospitals and a prison," Mr José Martínez said. "And each director gets a 15 per cent cut."

But in private he has been heard to ask: where to find "1,000 honest men" to help him run Latin America's largest city.

EC kept quiet over beef

The European Commission yesterday admitted it kept quiet for nearly two months about UK beef being smuggled to the Netherlands. Dutch authorities told the Commission in May that they had confiscated 700 tons of UK beef in an investigation into the smuggling of beef sent to the Netherlands and on to Egypt and Russia. Brussels said it had not wanted to jeopardise a police probe. Page 2

GEC expected to look to US: Britain's General Electric Company is likely to make its US industrial businesses a focus for growth when it unveils the results of a strategic review on Tuesday. In a drive to kick-start growth at the group, which has sales of \$16bn a year, GEC is likely to make its successful US operations and the defence subsidiary GE-Marcconi the central planks of its expansion plans. Page 24; In need of a blueprint, Page 7

Albanian 'king' far from throne: Albania's would-be King Leka, who returned in March after 58 years of exile, insists he won last Sunday's referendum on restoring the monarchy and accuses the Socialists, who won the general elections held on the same day, of manipulating the vote. He has vowed to go to the constitutional court, but most observers agree that recent violent events have ended whatever chance he had of winning his longed-for throne. Page 7

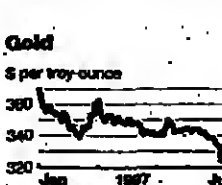
Renault confident of Vilvoorde deal: Renault, the French vehicles group embroiled in a political storm over the closure of its car plant at Vilvoorde in Belgium, remains confident the move will go ahead, in spite of rejection by one union group. Members of the Socialist union said the severance terms were too meagre. Renault officials said they were confident, however, that the plan would go ahead. The company still has to secure the agreement of white-collar workers at the plant, which employs 3,100 people. Page 2

Philippe Séguin

The man who led the No campaign in France's 1992 referendum on the Maastricht treaty faces a monumental task rebuilding a fractured and defeated Gaullist RPR party. "We must forget our grudges, our bitterness, our ulterior motives," says Séguin, who, barring the unexpected, will take over as RPR president tomorrow.

Page 2

Gold falls to 12-year low



Gold prices tumbled to a 12-year low after the disclosure on Thursday that Australia's central bank had sold two-thirds of its gold reserves over the past six months. Prices plunged by \$10 a troy ounce at the London Metal Exchange to \$324.50. The Australian Reserve Bank said it had sold 167 tonnes of its 347-tonne stockpile. Central bank sales in Europe had already hit prices, but analysts believed those were steps toward meeting criteria for European monetary union. Page 8; Lex, Page 24

Japanese builder folds: Tokai Kogyo became Japan's first listed construction company to collapse under its debts in the wake of the 1995 property bubble, after its banks refused to extend more loans. Its debt level of ¥510bn (\$4.47bn) is the eighth highest among Japanese corporate failures since the end of the war, according to Tokai Data Bank, a private research organisation. The collapse is likely to fuel concern about the financial problems faced by many of Japan's medium sized construction companies. Page 24; See Lex

Koor shareholder proposes spin-off: Shamrock Holdings, second biggest shareholder at 30 per cent in Israel's Koor Industries, is to push for a spin-off of its biggest publicly traded subsidiaries in a move that could pave the way for a break-up of the holding company. Stanley Gold, chairman of Koor and president of Shamrock, stressed that he had not made a formal proposal to the board but had put the suggestion before management and another shareholder. Page 23

German insurers to merge: The restructuring of Europe's financial services sector moved another step with plans by two companies to create Germany's second largest insurer under the control of Munich Re. The new company, Ergo Versicherungsgruppe, will be formed by amalgamating Hamburg-Mannheimer and Victoria. It will rank behind Allianz in direct insurance. Page 24

Bertelsmann quiet on CompuServe bid reports: Bertelsmann refused to comment on reports that it was backing a revived \$1bn bid with AOL for rival CompuServe, but sources close to the German company said a bid for CompuServe, the number two to AOL, the world market leader, would "make sense" - particularly in Germany where CompuServe is number two in online services and AOL number three behind Deutsche Telekom's T-Online. Page 23

Contents	
News	2-3
International News	2-3
UK News	5
Weather	24
Lex	24
Features	8
London Page	8
Letters	7
Companies	22
Int. Companies	22, 23
Markets	17
FTSE Actuaries	17
FTSE-A World Index	21
Foreign exchange	9
Gold markets	8
Equity options	21
London SE	17
USSE dealings	21
Managed funds	10-16
Money markets	9
Recent issues	21
Share information	16-18
World commodities	8
Wid. Spread	20, 21
Bourses	20, 21
Weekend FT	Section 1

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مكتبة من الأدب

Renault confident plant closure will go ahead

By Haig Simonian,
Motor Industry
Correspondent

Renault, the French vehicles group embroiled in a political storm over the closure of its car plant at Vilvoorde in Belgium, remains confident the move will go ahead, in spite of rejection by one union group yesterday.

Members of the Socialist union, which has been most vociferously opposed to closure, said the severance terms were too meagre and planned to put forward alternatives on Monday.

However, Renault officials said they were confident the

plan would go ahead. The company still has to secure the agreement of white collar workers at the plant, which employs 3,100 people.

Renault has been fiercely criticised by the Belgian authorities and the new French government. However, Mr Louis Schweitzer, chairman, said in an interview the French government's emphasis on job creation would not limit Renault's freedom of manoeuvre.

"It has reopened a subject. But the end story is that we did what we said we would do," he said.

Mr Schweitzer said he did

not envisage the need for any further measures on the scale of the Vilvoorde closure for Renault to staunch its losses, which amounted to FF16.25bn (\$900m) last year. "I think today we have something which is fairly efficient. I do not foresee major restructuring."

Mr Schweitzer made his forecast in spite of the fall of almost 31 per cent in French new car sales last month, compared with the previous year. He warned that sales in July, August and September would be dramatically lower compared with last year, when registrations were boosted by the imminent

termination of a special incentive programme. Mr Schweitzer said the deterioration in demand had forced Renault to downgrade its forecast for the full year to about 1.8m vehicles.

Analysts believe Renault should be able to contain the Vilvoorde costs broadly within the FF2.8bn allocated, in spite of having to improve its redundancy terms and maintain limited employment at the plant. However, yesterday's rejection by the union and the continuing need to secure agreement from white collar workers means the costs could still exceed its target.



Louis Schweitzer: "We did what we said we would do."

Brussels kept quiet on illicit beef cargoes

By Sander Thoenes in
Brussels and Barbara Smith in
Amsterdam

The European Commission yesterday admitted that it kept quiet for nearly two months about UK beef being smuggled to the Netherlands.

Dutch authorities told the Commission in May that they had confiscated 700 tons of British beef during an investigation into an international smuggling operation involving at least 1,600 tons of UK beef sent to the Netherlands and on to Egypt and Russia.

The shipments carried labels indicating Belgian origin to evade the EU's worldwide ban on exports of British beef, imposed as a result of the "mad cow disease" crisis. The ban was imposed 16 months ago after disclosure of a possible link between the disease, BSE, and a fatal human brain disease.

Despite a pledge to provide more information to consumers on its handling of the crisis, the Brussels executive said it had remained silent until Wednesday for fear of jeopardising police investigations in the UK, Belgium and the Netherlands.

It decided to speak out only when information had been leaked to members of the European Parliament, the Commission said, adding that Dutch investigators had criticised the Commission for speaking out early.

Egypt yesterday banned imports of beef from Belgium, on the grounds that

the illicit shipments had been labelled as Belgian meat. It had sent back 200 tons of UK beef back to the Netherlands where it was confiscated in June. The Commission estimates that another 700 tons may have reached the Russian market.

On Thursday Belgian and Commission officials raided Traxeg-Gel and Lefevre, two Belgian companies under investigation over the shipment. The officials found no suspect beef but confiscated company documents.

The commission of British meat is presumed to have been free from the BSE virus but the smuggling was taken to indicate that the UK had failed to uphold the export ban, giving rise to fears that contaminated meat may be on the market as well.

Mr Dirk De Soete, work co-ordinator at the Traxeg-Gel meat processing shop, denied knowing that the beef was British and said he would challenge the confiscation of his shipment in a Dutch court on Tuesday.

Belgian court officials said Mr De Soete was convicted last week of firing a gun at the home of a veterinarian who had been investigating illegal trafficking of cow hormones.

Belgian police are investigating widespread fraud on compensation for exports of poor-quality meat to countries outside the EU. Such subsidies amount to about Ecu900 (\$1,017) per ton of meat, according to the Commission.

Euro-sceptic Séguin must unify Gaullists

David Owen reports on the new leader's hopes of wooing back centre-right defectors

It is about a month since Mr Philippe Séguin, France's best-known Euro-sceptic, predicted a knife-fight at the heart of the Gaullist RPR party in the wake of its catastrophic general election defeat.

However the knife-fight has turned into a cake-walk for the mayor of the eastern French town of Epinal and former National Assembly leader. Barring the unexpected, Mr Séguin will take over as president of the RPR on Sunday in succession to Mr Alain Juppé, the former prime minister. Mr Séguin, 54, already leads the much diminished RPR group in the National Assembly.

The centre-right has seen its parliamentary representation cut nearly in half and has as its figurehead a president - Jacques Chirac - whose political credibility is in tatters following his blunder in calling an early poll.

Mr Séguin, who led the "No" campaign in France's 1992 referendum on the European Union's Maastricht treaty, accordingly faces a monumental task in rebuilding a fractured and divided party left shattered by its unexpected defeat.

Among the first jobs facing this chain-smoking former social affairs and employment minister will be getting the leading lights of the party to work together after an extended period when they have too often appeared to be at each other's throats.

"We must forget our grudges, our bitterness, our

ulterior motives," he said at a recent meeting of RPR militants in Marseille. "Our movement must patch things up with itself, open itself to others and renovate itself profoundly."

Effecting this sort of reconciliation will not be easy for a man not known as a natural conciliator. But only if he can restore the party's cohesiveness will he be placed to turn the slightly ponderous popular touch he displayed in the recent general election campaign most effectively to the task of wooing back supporters.

Reconciliation will not be easy for a man not known as a conciliator

What burt the centre-right's fortunes above all was an upturn in support for the far-right National Front, putting Mr Jean-Marie Le Pen's party into the second round ballots in almost a quarter of France's 377 constituencies. In many cases, this divided rightwing support and allowed a Socialist or Communist candidate to win with a comparatively low share of the vote.

A further priority for Mr Séguin will therefore be to coax back to the RPR fold some of the Gaullists who switched to the National Front. Here, his simply expressed

but deeply thought-out Euro-scepticism, his unwavering focus on jobs and his rumpled but reassuring air - a world away from the technocratic aloofness of Mr Juppé - should prove powerful weapons.

Confusingly, the policies of the man who will be France's principal opposition leader are very close in many respects to those of the Socialist prime minister, Mr Lionel Jospin.

Both want Brussels to focus more on jobs and less on dry monetarist economics, although Mr Séguin's Euro-scepticism is more full-blooded; both favour financing France's generous social security system in a way that penalises jobs less; both are against the so-called "cumul de mandats", allowing French politicians to occupy jobs at different levels of government at the same time.

But early indications are that this will only serve to make rhetorical exchanges between the two men all the sharper. Mr Séguin was certainly quick to lambast the prime minister last weekend after confirmation that the Belgian assembly plant of Renault the partly state-owned carmaker, is to close.

"We needed less than a month for Mr Jospin to lose the right to give morality lessons to the whole world," he said. "We needed less than a month for this legend of the prime minister who said what he did and did what he said to disappear for ever."

Haughey faces probe of his finances

By John Murray Brown

Mr Charles Haughey, the former Fianna Fail prime minister who is considered largely responsible for having laid the foundations in the late 1980s for Ireland's current economic success, is set to appear before a government tribunal next week to answer questions about his own personal finances.

The story involves bank accounts in Dublin, London and the Cayman Islands and apparently no-strings-attached payments by one of Ireland's richest men - Mr Ben Dunne, heir to a stores group, a playboy ousted from the board of the family business in the early 1990s and later convicted for possession of cocaine after being arrested in a Florida hotel.

The tribunal into political donations, set up by the outgoing Fine Gael-led coalition, is due to hear Mr Haughey's account of how he came to be the beneficiary of a £1.5m personal donation when he was prime minister in early 1993.

On Monday, Mr Haughey's lawyers said that "in all probability" he was the ultimate beneficiary of the money, although to the astonishment of those at the hearing, he was said to be unaware of the source.

Ironically, the tribunal was only called after Fianna Fail, then in opposition, demanded an investigation into allegations of payments to Mr Michael Lowry, a Fine Gael minister, who subsequently resigned. It was alleged that he received £200,000 which was used to extend his Tipperary mansion - without planning permission.

When it then emerged that Mr Dunne had made a much larger payment to an unnamed Fianna Fail politician, all eyes turned to Mr Haughey, who has long displayed a taste for the good life, with a mansion in county Dublin, and an island off the Kerry coast.

The tribunal's first inquiries seemed to get nowhere. They unearthed bank documents with the name C.J. Haughey, which turned out to be Mr Haughey's son. His solicitors continued to deny he had received any payments.

Ahead of the general election, there was a report of an emergency meeting with Mr Bertie Ahern, the current Fianna Fail leader, at Mr Haughey's home. The discovery could still prove embarrassing for Mr Ahern, the prime minister, although he was quick to issue a warning to any current party members involved in alleged allegations.

The breakthrough came when the tribunal was suspended for the election campaign. During that period, investigators were despatched around the globe to trace the money trail, which was to lead via the Cayman Islands to three accounts in Dublin at the merchant bank Guinness Mahon. The small privately owned Ausbacher Bank now controlled by Anglo Irish Bank and Barclays Bank.

To date, Mr Haughey has remained silent. Few have dared probe the personal finances of Mr Haughey, who from a modest background as the son of an army officer, practised as an accountant before becoming a politician. But next week, the Irish may be a little wiser as to the finances of their favourite politician.

INTERNATIONAL NEWS DIGEST

Yeltsin causes embarrassment

Embarrassed Kremlin officials were yesterday forced to admit that comments reportedly made by Russia's President Boris Yeltsin did "not correspond to reality". Mr Yeltsin did not, it seems, mean to say he would ask federal employees, as he was earlier reported as saying by the official Itar-Tass news agency.

This bizarre communications glitch came in spite of the recent appointment of Mr Yeltsin's daughter, Tatyana, as official adviser on the president's image. Itar-Tass carried the "correction" with no comment. Mr Yeltsin, 66, has made a startling recovery from health problems earlier in the year but has not entirely shed his reputation for erratic behaviour since his return to the Kremlin.

At a meeting with regional leaders, Mr Yeltsin appeared to get carried away by his enthusiasm to pay off the government's arrears to federal employees, such as doctors and teachers. "Let's pay off our debts to the social sector by October 1," the boisterous Mr Yeltsin said. "Let's appeal to foreign leaders" - a comment excised in later television coverage of the event. Mr Anatoly Chubais, first deputy prime minister, who has already performed a minor miracle by paying off the government's arrears to pensioners by July 1 visibly blanched at the new deadline.

Mr Yeltsin promised better times ahead, saying the economic "tide had turned". John Thornhill, Moscow

Fresh sentence for Tapie

Mr Bernard Tapie, the French businessman and former politician, was yesterday condemned to three years' imprisonment in relation to charges of mismanagement of the football team Olympique Marseille.

A Marseilles court ordered him and 17 other co-defendants to pay FF39m (\$15.3m) in relation to financial transactions connected to the club that took place between 1989 and 1993. Mr Tapie, who is already serving a prison sentence on football match-rigging charges, said he would appeal against the judgment.

The Paris appeals court yesterday crushed the controversial legal proceedings launched against Mr Jean Théri, the mayor of Paris, his wife Xavière and Mr Xavier Dugoin, head of the Essonne local council. All three had been placed under formal investigation in relation to the payment of FF200,000 from Essonne to Mrs Théri for writing a report on decentralisation. Andrew Jack, Paris

New arrest in Tokyo probe

Japan's corporate scandals claimed a new victim yesterday when Mr Tadashi Okuda, former chairman of Dai-ichi Kangyo bank, was arrested. He is suspected of having been involved in extending loans to *sokaiya*, corporate racketeers who traditionally demand money from companies.

Mr Okuda, who was DKB chairman until last month, was questioned by police last week, together with another former DKB chairman, Mr Kuniji Miyazaki. After the questioning, Mr Miyazaki committed suicide. His death has shocked corporate Japan and provoked speculation that the implications of the scandal may be wider and more serious than previously thought. Mr Okuda's arrest brings the total number of former DKB executives arrested over the affair to around a dozen.

Nomura, Japan's largest securities company, is also alleged to have had financial links with the *sokaiya*. Several Nomura officials have been arrested and its former president, Mr Hideo Sakamaki, has also been indicted. Gillian Tett, Tokyo

Promotion for 'Mr Yen'

Mr Eisuke Sakakibara, a senior Japanese government figure known as "Mr Yen" in the markets, will be promoted later this month. He emerged yesterday. Mr Sakakibara, who is perceived to have the main responsibility for the government's foreign exchange policy, will become vice minister for international affairs.

In this position he will be Japan's foremost financial diplomat but is expected to retain influence over foreign exchange policy. Consequently, his promotion is seen as a sign of approval for his success in steering the yen over the last year and a signal that Japan's current exchange rate policies will be maintained.

Mr Sakakibara is at present director general of the Ministry of Finance's international finance bureau. The recent surge in the yen against the dollar from its level of Y127 at the end of April is widely believed to have triggered by public and covert intervention by Mr Sakakibara. He also played a crucial role in the government's decision to remove remaining foreign exchange restrictions next April. This step is believed to be the main trigger for the broader "big bang" financial deregulation programme. Gillian Tett, Tokyo

German tax reform setback

Germany's opposition-dominated upper house of parliament, the Bundesrat, yesterday rejected the government's plan to reform the country's tax system. The tax reforms for 1998 and 1999 were both rejected, with the Bundesrat stating "the laws are fiscally unsound, socially imbalanced and economically off target".

The finance minister, Mr Theo Waigel, appealed to legislators to put an end to the opposition's "blockade" policy and permit the reforms to become law. The rejected reforms will now go to a parliamentary mediation committee to hammer out a compromise between the governing coalition and the opposition.

The tax reform proposals include a reduction in tax on corporate profit to 38 per cent from 40 per cent, lower taxation on private income to between 15 per cent and 39 per cent, from a range of 35.9 per cent to 55 per cent, and a reduction of the withholding tax on dividends to 15 per cent from 25 per cent. AP-DJ, Bonn

Israel warns protesters

Israel warned Palestinian protesters in the West Bank town of Hebron that it would shoot to kill, after troops opened fire yesterday, injuring 18 demonstrators. One Palestinian boy was seriously injured when he was hit in the head by a rubber-coated bullet and another was shot in the leg by a real bullet, witnesses said.

The commander of Israeli forces in the West Bank, General Gabi Ofir, reiterated warnings that sterner action would be taken to quell three weeks of bloody clashes in Hebron, which have left 230 Palestinian protesters wounded. "Those who throw explosive devices to kill must understand that they will die, because those are the shooting orders," he said in a radio interview.

The demonstrators were angered by a poster depicting the Moslem prophet Mohammed as a pig. A Jewish extremist, Tzvianna Sosskind, 25, is in Israeli police custody after admitting plastering Arab shops in Hebron with the offending poster a week ago. AFP, Jerusalem

Italian inflation declines

Italy's headline inflation fell in June to a new year-on-year low of 1.4 per cent compared with the previous month's 1.5 per cent, according to Istat, the national statistics agency.

The continuing fall in inflation prompted the Bank of Italy to cut the discount rate 50 basis points to 6.25 per cent at the end of last month on the announcement of preliminary consumer price data for June. Inflation has been on a downward trend since the November 1995 peak of an annualised 6 per cent. But most economists predict it has now reached its lowest level and will begin to rise moderately as of this month. Robert Graham, Rome

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0710	11.01	11.00	11.00	1.02
0720	11.01	11.00	11.00	1.02
0730	11.01	11.00	11.00	1.02
0740	11.01	11.00	11.00	1.02
0750	11.01	11.00	11.00	1.02
0800	11.01	11.00	11.00	1.02
0810	11.01	11.00	11.00	1.02
0820	11.01	11.00	11.00	1.02
0830	11.01	11.00	11.00	1.02
0840	11.01	11.00	11.00	1.02
0850	11.01	11.00	11.00	1.02
0900	11.01	11.00	11.00	1.02
0910	11.01	11.00	11.00	1.02
0920	11.01	11.00	11.00	1.02
0930	11.01	11.00	11.00	1.02
0940	11.01	11.00	11.00	1.02
0950	11.01	11.00	11.00	1.02
1000	11.01	11.00	11.00	1.02
1010	11.01	11.00	11.00	1.02
1020	11.01	11.00	11.00	1.02
1030	11.01	11.00	11.00	1.02
1040	11.01	11.00	11.00	1.02
1050	11.01	11.00	11.00	1.02
1100	11.01	11.00	11.00	1.02
1110	11.01	11.00	11.00	1.02
1120	11.01	11.00	11.00	1.02
1130	11.01	11.00	11.00	1.02
1140	11.01	11.00	11.00	1.02
1150	11.01	11.00	11.00	1.02
1200	11.01	11.00	11.00	1.02
1210	11.01	11.00	11.00	1.02
1220	11.01	11.00	11.00	1.02
1230	11.01	11.00	11.00	1.02
1240	11.01	11.00	11.00	1.02
1250	11.01	11.00	11.00	1.02
1300	11.01	11.00	11.00	1.02
1310	11.01	11.00	11.00	1.02
1320	11.01	11.00	11.00	1.02
1330	11.01	11.00	11.00	1.02
1340	11.01	11.00	11.00	1.02
1350	11.01	11.00	11.00	1

NEWS: INTERNATIONAL

Thais shrug off currency critics

By William Barnes in Bangkok

An upbeat Thai government shrugged off opposition claims yesterday that its surprise managed float of the baht on Wednesday was a gamble by desperate men.

A steady currency and the third straight day of blue chips hitting limit their top limits in the stock market prompted Mr Narongchai Akrasenee, the commerce minister, to say that only time was required to heal Thailand's economic wounds.

"The base is solid... Even the financial sector will slowly recover over the rest of this year," Mr Narongchai said.

He dismissed suggestions that the government would seek the help of an international lender such as the

International Monetary Fund - whose officials are due to arrive in Thailand this weekend on their mission to offer the Bank of Thailand technical advice in running a managed float.

In the new mood of boldness that appears to have gripped the government, the commerce minister predicted that within two or three months the country would lose some of its 91 finance houses - which he added was a crazy number. But he said the finance sector would recover gradually over the rest of the year.

The government broke with its traditional habit of shying away from forced closures nine days ago when it ordered 16 debt-saddled finance houses to merge with

stronger rivals by next Friday.

Opposition Democrat party speakers said in parliament that the government had wildly underestimated the consequences of allowing the currency to slide downwards.

Eventually the baht would have had to be floated - but this wasn't the right time. Our sick economy has had extra debts, higher interest rates and more uncertainty dumped on it, said Mr Abhisit Vejjajiva, a senior opposition spokesman.

Even less partisan observers were worried about the enthusiasm with investors have piled into Bangkok companies that are known to have taken big foreign exchange losses after the float. The Stock Exchange of Thailand index climbed 6.33 per cent yesterday or 22 per cent in

three days to 657.

"The J-curve effect suggests that a devaluation [rising import prices and cheaper exports] causes pain before there is gain," said Mr George Morgan, the head of research at brokers ABN Hoare Govett Asia in Bangkok. "My feeling is that the Thai market is not efficient enough to understand it and there will be a consolidation when the changes start to take effect."

The baht weakened slightly with the protected onshore market ending at B22.25 to the dollar, as against B22.75 on Thursday. The offshore rate closed last night at B22.65, close to its domestic counterpart and suggesting that the Thai authorities' new two-tier defensive system would not last long.



A top-hatted Harley-Davidson veteran rides into Hollister to celebrate the anniversary of the 'battle' immortalised in Marlon Brando's 1954 film The Wild One (right) (Reuters and Kobal)

Business tries to escape the fallout

"The rules of the game have changed. It was a surprise but we have no choice but to get used to it," said Mr Sataporn Jirachittra, the first vice president of the Siam Commercial Bank.

He was probably speaking for most Thai entrepreneurs who were shocked on Wednesday to find that the 13-year regime of linking the baht to dollar-dominated basket of currencies had been abandoned.

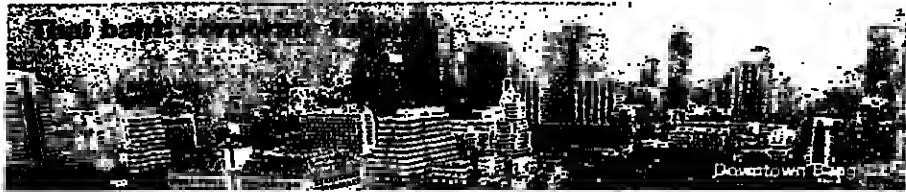
Few businesses - grown weary of government promises to tackle long-term problems such as a poor education system and weak infrastructure - would argue with Mr Sataporn's assertion that a devaluation cannot be waved like a magic wand over the economy.

But the immediate concern of many businesses is to try to avoid some of the blows that a sudden fall in the currency - 15 per cent or so - will inevitably inflict.

Many of Thailand's most aggressive groups took advantage of the old quasi-fixed currency regime to borrow heavily in cheap foreign currencies.

Unfortunately, even after the three waves of speculative attacks against the baht, the consensus among analysts is that most big borrowers overseas neglected to hedge much of their debt.

"Why should we. We wouldn't be where we are



Devaluation and depreciation analysis			10% devaluation scenario		25% devaluation scenario	
1997 estimate	Net income Btm	Offshore debt/total debt %	Net income Btm	Change in net worth %	Net income Btm	Change in net worth %
Building						
Siam Cement	7,215	84	428	0	(6,331)	(36)
Tippo Asphalt	562	51	384	(12)	205	(18)
TPI Polene	581	80	(2,106)	(35)	(4,803)	(53)
Communications						
Telecomasia	(1,928)	37	(3,570)	(5)	(5,229)	(10)
Advanced Info Service	3,781	72	3,732	0	3,704	(0)
United Communications	2,026	79	1,081	(5)	135	(9)
Shinawatra Computer	2,310	75	2,175	(1)	2,041	(2)
Thai Tel & Tel	(384)	34	(959)	(3)	(1,533)	(5)
Chemical						
Thai Petrochemical	4,273	73	4,020	(1)	3,704	(1)
Energy						
PTT Exploration & Production	1,079	77	418	(3)	(169)	(7)
Electricity Generating	1,551	39	738	(7)	(422)	(5)
Cogeneration	417	92	661	1	482	(2)
Banpu	853	79	854	(3)	754	(4)
Property						
Italian-Thai Development	1,537	30	1,485	(1)	1,414	(1)
Land & Houses	1,128	40	960	(4)	834	(7)

Source: Merrill Lynch

today with foreign money, and the government swore hand on heart it wouldn't devalue," said member of the board of Land & Houses, Thailand's biggest property developer.

By one estimate, the 29

largest non-financial companies - two-thirds of the stock market - will have to absorb write-offs of B34bn (\$1.3bn) in forex and interest cost losses if the baht settles for a depreciation of 10 per cent.

Businesses struggling with

weak domestic demand and ferocious global competition have been promised by the authorities that freeing up the baht will lead to lower interest rates.

Yet the Bank of Thailand was forced to raise its lend-

ing rate by 2 percentage points as a defensive measure - and it is still not clear where rates might go.

Clearly the double-blow of forex losses and higher interest rates is going to cast into the abyss finance houses and property companies currently hanging by a thread and yet weighed down by massive bad debts and a property collapse.

One analyst said many property and finance companies were beyond normal analysis: "What is 10 per cent of a black hole?"

The 15 commercial banks have probably less concern about foreign exchange losses - they are only permitted a net forex exposure of no more than 15 per cent - than the possibility that more of their clients will default.

Several developers are understood to be still standing only because their bank lenders do not fancy trying to sell the unwanted residential properties littered around the capital themselves.

Some of the biggest victims of the flotation are likely to be several of Thailand's ambitious telecommunications companies that have borrowed heavily overseas but now find themselves with no foreign currency earnings to match against it.

Advanced Information Services has already warned that its earlier 16 per cent profits growth forecast disappeared on Wednesday.

The Siam Cement Group, Thailand's biggest conglomerate, has been besieged by callers asking how it proposes to deal with its overseas debts of about \$2bn (\$1.2bn). A company official would only say the problem was quite manageable.

Many of hundreds of mostly unlisted foreign joint venture manufacturers that depend on imported finished goods will probably try to turn to rapidly developing local support industries if they can. But no big commitments are likely to be made until it becomes clearer where the baht is headed over the longer term.

Electronics companies such as Hana Microelectronics are fortunate that they source much of their inputs locally.

"We've come out of this looking quite good so far. What we do want to see though is softer interest rates," said its president Mr Richard Han. Mr William Helnecke, chairman of the hotels-to-pizza Minor Group, appears to be a beat or two ahead of most of his colleagues in seeing the devaluation as an absolute boon.

"At last, something decisive has been done about a nagging problem. Why all the hand-wringing? The stock market's gone up and there is a little more bounce in the man-in-the-street - that must be good for confidence, for domestic demand," argued Mr Helnecke.

No doubt many other chairmen wished they had hedged nearly all their foreign currency risk earlier this year and could look forward to wave of foreign tourists taking advantage of a new cheap destination.

● The Malaysian ringgit was slightly higher against the US dollar in late trading yesterday, but was strongly lower from earlier dealings and was again hovering very close to the central bank's expected intervention level of M\$2.5250, AP-DJ reports said from Kuala Lumpur.

The US dollar traded between M\$2.5179 and M\$2.5245 during the day.

Dealers noted the currency had opened strongly up yesterday, after Bank Negara's suspected intervention in overnight trading on Thursday, which had seen the US dollar weaken to a low of around M\$2.5155.

William Barnes

Small town awaits return of Wild Ones

There was myth born every minute in Hollister this week as this small town strained its collective ears to detect the faintest racket of incoming Harley-Davidsons.

One account had 70,000 riders crossing the border from Canada, riding two abreast. Another said the community's 23,000 people would be swamped today by 300,000 bikers.

But none of the stories circulating in advance of today's commemoration party seemed likely to withstand the test of re-telling as well as the story of Independence Day weekend 1947, when 4,000 demobbed GIs rode into Hollister and spawned the legend that the kindred spirits of freedom, rebellion and eternal youth can be conjured up astride a motorcycle with a bellyful of beer.

The sight of number plates from Europe and Mexico in the past few days has fed speculation about the international appeal of the golden jubilee of events which in 1954 made a hero of Marlon Brando in *The Wild One* and blotted the reputation of motorcycle clubbing as a "suitable" sport for returning heroes.

Rick, a 44-year-old electrician from San Diego, and a bountiful source of intelligence, reckoned another 7,000 foreign-registered bikes were awaiting their owners at San Francisco airport.

Better yet, he confided, the Hell's Angels - the heirs of the Boozefighters gang involved in the original two-day meleé - would parade 30,000-strong in the town centre today.

In Johnny's Bar, HQ of the Angels' Oakland chapter, Tony, a Bristol truck driver, jet-lagged, sozzled and shamefaced at having a rented Japanese bike rather than shipping in his own Harley "hog", was content merely to be "where it all began".

A mile outside town, Tom

Corbin, president of the Corbin cycle accessory company, and prime mover in the anniversary event, had other visions.

Surveying his 100-acre concert and exhibition site, handily located next door to the county jail, and perched with the pong from the surrounding broccoli fields, he talked of "the Woodstock of motor-cycling".

With \$700,000 invested in his festival, christened "The Return of the Wild Ones", and budgeting for a loss of \$300,000 - in return for "55m worth of free media coverage" - he wanted to make the Hollister gathering

Fifty years ago, the Battle of Hollister featured drunken stunt riding, indecent exposure and bottle-throwing which left half a ton of glass in the road

an annual event and the town a tourist attraction.

"I'd like it so never again will anyone drive down Highway 101 without coming in for a visit, a T-shirt, or even just a Coke," he said.

But despite much bright-eyed anticipation in the town's shops and bars, stacked ceiling-high with cases of beer and blazoned with "Welcome Back" signs, Hollister has been divided over the prospect of being put back on the map.

The town, which once described itself as "the grain and bay capital of the world", is increasingly a dormitory serving San Jose and other high-tech centres to

the north. Unemployment is 12 per cent - twice the state average - and about 9,000 cars leave town every morning.

Yet, perhaps understandably, the bikers' jubilee is an economic opportunity thrust upon Hollister rather than grasped.

About 2,000 riders showed up last year in the first mass visitation since 1947. With the Boozefighters legend as potent as ever, the inevitability of this year's inundation finally dawned on the town authorities.

Even then, according to Mr Corbin, no-one wanted to take responsibility. "It was suggested to me that I might want to do something," he said. "And here we are."

The future of the event, he said, depends on local reaction to this weekend which in turn will depend on factors as diverse as traffic chaos and police reactions to biker naughtiness which traditionally involves mooning among the boys, flashing by female pillion-riders, a heavy intake of Budweiser by all, and the occasional "rumble".

Fifty years ago, according to the Free Lance newspaper of the time, the "Battle of Hollister" featured drunken stunt riding in San Benito Street, indecent exposure and bottle-throwing which left half a ton of glass in the road.

The myth was born three weeks later, when Life magazine published a photograph of a glass-eyed, pot-bellied rider, straddling his hog with a bottle in each hand.

The legend was established when Stanley Kramer transferred the incident to celluloid. When he sat Brando on a Triumph, he created one of Hollywood's most enduring role models. Today there is every reason to expect that the Wild Ones will return to roister in Hollister - if not next year then in 2047 for sure.

Christopher Parkes

Sector likely to be boosted after Busang debacle

Indonesia withdraws tough mining proposals

Indonesia yesterday withdrew controversial plans to amend mining regulations, and industry representatives said the cancellation would give the sector a new momentum after the Busang debacle, Renter reports from Jakarta.

"There will be no changes. We will now go back to the COV (contracts of work) that had been initiated [last year]," Mr Adnan Sudrajat, the director-general of mining, said.

He was speaking after chairing a 30-minute closed-door meeting with representatives from 80 companies which had applied for the seventh-generation contracts of work for mineral mining and third-generation contracts covering the coal sector.

Mr Adnan said the mining companies, in their response to the proposals by the government-set deadline last Tuesday, had described the changes as impractical.

"They said it would be difficult to implement. Almost all of them were not in favour because of the practicality," he said.

He declined to say if similar proposals would be included during negotiations for the next batch of contracts of work.

"Mining companies consider the move as giving a new momentum to the

industry after the Busang incident," he said. Canadian exploration company Bre-X Minerals said its Busang property contained some 71m ounces of gold, making it the biggest find this century, but an independent audit revealed the deposit was worthless.

The government declared its intention to amend mining regulations in the wake of the scandal. The proposed changes included requiring mineral mining companies to allocate at least a 10 per cent stake to the government for free in future ventures.

They also required mining companies with operations

in Indonesia share capital gains made on stock exchanges outside the country with their shareholders and that the raising of additional capital through a public offering of shares would have to be done in Indonesia.

Some mining analysts had said the capital gains proposal would be virtually unenforceable, while Indonesia did not have the capital to finance large-scale exploration work.

Coal mining companies were, among others, required to divest 51 per cent of their equity in future projects to Indonesians by the 10th year of operations.



SPOT THE REFUGEE

There he is. Fourth row, second from the left. The one with the moustache. Obvious really.

Maybe not. The unsavoury-looking character you're looking at is more likely to be your average neighbourhood sloth with a grubby vest and a weekend's stubble on his chin.

And the real refugee could just as easily be the clean-cut fellow on his left. You see, refugees are just like you and me.

Except for one thing.

Everything they once had has been left behind. Home, family, possessions, all gone. They have nothing.

And nothing is all they'll ever have unless we all extend a helping hand. We know you can't give them back the things that others have taken away.



UNHCR
United Nations High Commissioner for Refugees

We're not even asking for money (though every cent certainly helps). But we are asking that you keep an open mind. And a smile of welcome.

It may not seem much. But to a refugee it can mean everything. UNHCR is a strictly humanitarian organization funded only by voluntary contributions. Currently it is responsible for more than 19 million refugees around the world.

UNHCR Public Information
P.O. Box 2500
1211 Geneva 2, Switzerland

سكرا من الامم

Pressure grows from international accounting groups to agree standard Pension asset valuation may alter

By Norma Cohen in London

Actuaries are considering a change in the way they value pension assets following the chancellor of the exchequer's decision, spelt out in the draft finance bill, to abolish tax credits on dividends.

In recent months, members of the Faculty and Institute of Actuaries, the professional body whose members are responsible for valuing pension assets, have discussed whether it is time to overhaul UK valuation methodology.

The change could lead to wild fluctuations in the val-

ues of pension assets reported each year on corporate balance sheets and possibly alter investors' perceptions of the merits of various investments, actuaries say.

"What would really change is the value of surplus or deficit at any given time," says Mr Andrew Wilson, research actuary and partner at Watson Wyatt, the actuarial consulting firm.

The change in valuation method could also put companies under most pressure to add cash to their pension schemes at the times when financial markets are under greatest duress.

British pension schemes are currently valued on a discounted cashflow basis. That is, actuaries measure the amount of cash the assets are earning through dividends or interest payments and, discounting future payments for inflation, make projections about how much the scheme will earn long term.

But the abolition of advance corporation tax credits on dividends means that dividends paid to pension schemes earn less cash. Using a discounted cashflow basis for valuation will reduce the value of nearly every pension scheme in

Britain. There is also growing pressure from international accounting groups to agree a world-wide standard of reporting pension assets and liabilities so that analysts may compare the balance sheets of several companies in different countries using consistent methods.

These accounting groups want companies to value pension assets the way they value other corporate assets - by using the market value.

Further pressure for change is coming from companies themselves who are using financial innovations to distribute profits to shareholders through methods

other than dividends, including share buy-backs. This means that measuring only dividend cashflow does not give a true picture of the value of a share.

"Most of our people are now thinking of moving to a market value adjusted method of valuation," said Mr Paul Greenwood, research actuary at William M Mercer and Co. The MVA method, widely used in the US, values assets at their market value as if they were being sold on the date of valuation. The assets are then adjusted for assumed rates of inflation to complete the valuation process.

Speed of surprise finance bill under attack

By David Wighton and Jim Kelly in London

The government yesterday tried to defuse criticism over the speed with which it plans to enact the Budget by publishing the finance bill in draft form for the first time.

The move will allow MPs to study the detail of Budget measures over the weekend in advance of next week's House of Commons second reading of the bill. But Mr Gordon Brown, the chancellor of the exchequer, was criticised for pressing ahead with the controversial scrapping of the tax credit on dividends without consultation.

Mr Ian Barlow, head of tax at accountants KPMG, said the finance bill was usually published about three weeks after the Budget allowing time for changes.

"This draft was in print when Mr Brown sat down. It will reflect exactly what he said," Mr Barlow also echoed Conservative fears about the amount of time the government will allow for the Budget measures to be discussed in Commons committee.

The final bill will be published next Tuesday with the government hoping to complete the detailed scrutiny of the measures in committee within about three weeks.

Mrs Gillian Shephard, the shadow leader of the House, warned that the government was planning a "disgracefully and unprecedentedly truncated process".

The government yesterday admitted it would have to amend the finance bill to clarify the rules for calculating windfall tax bills for the privatised utilities.

The amendment was announced in the Commons by Mr Geoffrey Robinson, the paymaster general, who also sought to allay fears about the proposed abolition of foreign income dividends.

He said the government would look sympathetically on complaints from companies, several of which have warned that they will consider moving offshore.

Burmah Castrol, the oil company, said it would be lobbying the chancellor. "It seems a shame that successful groups are being penalised in this way. We need to review our options. Moving offshore is not high among them but remains a possibility," it said.

Rio Tinto, the world's largest mining company, is understood to have written to the government expressing its opposition to the change. SmithKline Beecham, Glaxo Wellcome, and BAT are also opposing the change.

UK NEWS DIGEST

Boost for share system planned

CrestCo, the company that runs the electronic share settlement system Crest, may buy an additional computer system in order to cope with the added strains of the move to order-driven electronic share trading this year.

Mr Iain Saville, CrestCo's chief executive, said yesterday that Crest was likely to be run on a more powerful computer mainframe from early next year. It was also considering purchasing a separate computer to run trials.

CrestCo has now estimated that a 10 per cent rise in the number of trades when electronic trading in FTSE 100 shares is introduced from October would create a 3 per cent rise in the overall volume of settlement within Crest.

Separately, Crest published proposals for fines to be imposed on users failing to settle promptly and accurately. There have been no internal disciplinary measures on Crest until now.

John Gapper, London

EU-FUNDED PROJECT

Premier opens expanded airport

Mr Tony Blair, the prime minister, yesterday opened the final stages of a \$5.5m (\$10.7m) improvement to Teesside International airport, in north-east England. The expansion to passenger facilities and runway improvement work at the airport, which lies within Mr Blair's Sedgefield constituency, has doubled capacity to 800,000 passengers a year. Passenger numbers are expected to rise this year by between 100,000 and 150,000.

The airport is owned by Durham county council and the four Teesside unitary local authorities. The improvement was funded by airport profits and European Union support. The airport, Schiphol airport in Amsterdam and property developers Moorfield Estates are preparing a feasibility study on the proposed \$300m development of a large air cargo handling centre on 250 acres of Teesside airport land.

Yesterday was Mr Blair's first visit to the airport, and his constituency, since the Labour party's election victory on May 1.

Chris Tighie, Newcastle upon Tyne

INDUSTRY

New sectors 'may be short-lived'

The new industrial sectors which have replaced traditional heavy industries are likely to prove much shorter lived, the chief executive of one of Europe's most successful economic regeneration agencies warned yesterday.

Mr John Bridge, chief executive of the Northern Development Company, which has played a key role in helping the northern region rebuild its industrial base since the mid-1980s, said it would be a mistake to presume that, if shipbuilding or coalmining had lasted 100 or 200 years, the activities which replaced them would do likewise.

"The life and death of industrial sectors in this region... is going to rise," he said. "Major industries will probably turn over far faster than in the past." He believed the reasons included technological and environmental change and globalisation.

Since its formation in 1986, NDC has been involved in 530 inward investment projects, creating or safeguarding 75,000 jobs and generating \$3.8m (\$14.52bn) in capital expenditure. Mr Bridge made his comments as he unveiled a new operational structure for NDC, a partnership body involving the private sector, local authorities and trade unions.

Chris Tighie, Newcastle upon Tyne

SCOTLAND

Subsidy for island bridge toll

The government is to subsidise a reduction in tolls for frequent users of the privately-financed Skye bridge between the Isle of Skye and the mainland in north-west Scotland. But it will not remove the tolls, either by buying out the contract with the bridge's operators or by replacing tolls with "shadow" tolling.

In the package of measures announced yesterday by Mr Donald Dewar, the chief minister for Scotland, the discounted rate for a one-way crossing by a car will be halved from £2.50 (£4.12) to £1.25. Mr Dewar said to buy out the contract with Skye Bridge Ltd, which built and financed the bridge, would cost £30m. "We cannot justify that in the face of many pressing needs in the public spending programme," he said.

Skye Bridge Ltd is a joint venture of Miller Group of Edinburgh and Dywidag of Munich. The company built and financed the bridge.

James Duxon, Edinburgh

Decision to allow march on knife edge

By John Murray Brown in Belfast and Jimmy Burns in London

The government last night had still to announce whether it will allow Sunday's disputed Orange Order march through Portadown's Roman Catholic district, as troops and police set up checkpoints and increased their presence on the approach to the Garvaghy Road flashpoint.

As Northern Ireland braced for a possible repeat of last year's violent confrontation, the prime minister's office indicated that a final decision would be announced today, as last-minute efforts were made to find an accommodation between the Portadown Orangemen and nationalist residents.

Ms Mo Mowlam, the Northern Ireland minister, last night urged the Portadown Orange Lodge to listen to those "voices of reason" within the Orange Order - the 60,000-strong society of Protestants - "for the good of everyone and for the sake of peace in the next few weeks". Last year's sectarian unrest soured the atmosphere at the multi-party talks on Ulster's constitutional future, and strained relations between London and Dublin which have underpinned the peace process.

Yesterday, Northern Ireland families were leaving the province: travel agents reporting all outgoing flights booked up. In working class areas, there were signs of a siege mentality with residents queuing to buy candles and bottled gas. Camping shops and hardware shops reported heavy sales, as residents feared possible power cuts.

Hands-on approach to peace

N Ireland business chief hopes taskforces will help to bring home price of violence

Of all the groups praying for a resolution of this weekend's disputed Orange Order march, the Northern Ireland business community is watching with particular interest.

For after last summer's disturbances - when roads and ports were blocked, factories burnt out and rural shops boycotted - the province's business class appears to have abandoned its traditional political reserve.

Mr Bill Tosh, chairman of Northern Ireland's branch of the Confederation of British Industry, the UK's largest employers' lobby, has over the past year persuaded a number of businesses to come out from behind the parapet, forming business taskforces to meet the politicians, and joining hands with the trades unions and chambers of commerce to voice common concerns.

Even Sinn Féin - at least until the latest killings by its military wing, the IRA - has been meeting regularly with the CBI to discuss economic issues.

"The change was that people realised that this time we were going to have to pay for the re-emergence of violence," says Mr Tosh.

In the appointment of Mr Adam Ingram as minister in charge of both the economy and security, the Labour government signalled that any breakdown in civil order would result in budget cuts if security costs had to increase.

At the height of last year's unrest, Mr Tosh's group issued a series of hard-hitting statements, warning that Northern Ireland was being pushed close to the brink.

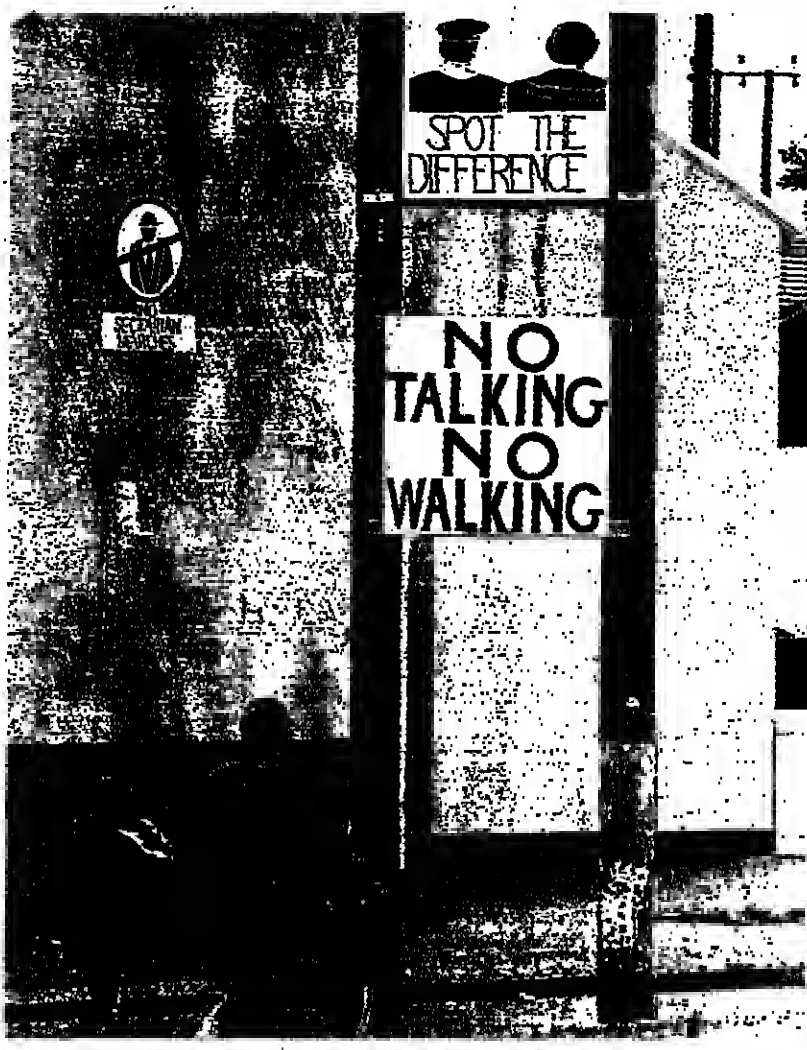
Today he is confident that the message may have seeped through to some in the Orange Order, the 60,000-strong society of Protestants which commemorates ancient conflicts with Roman Catholics.

"In business, if you have recurring losses you wouldn't last too long. In this society, civil unrest is our recurring problem," says Mr Tosh.

During last year's Orange Order demonstrations, it was the middle class Orangemen, many of them running small and medium-sized businesses, who were directly involved in leading many of the protests. This year, Mr Tosh is hopeful that moderate Orangemen may be less inclined to join in.

"I think that whatever happens this summer, we have clearly got across to most people in Northern Ireland that the economy matters," he says.

It is this message that Mr Tosh is also drilling home in less controversial areas. The CBI, for example, is arguing



Signs of the times: children walk along the Garvaghy Road, Portadown, which is the disputed route of the Orange Order march tomorrow

for greater contacts with the Irish Republic.

"The politicians would decry our initiatives on cross-border links. But they suddenly fail to appreciate that the B between the C and the I stands for British," he says.

He adds that it is that preoccupation with the constitutional question which blinds politicians to the economic impact of their actions. "Take the example of the proposed electricity interconnector from Scotland. I guarantee the unionists would be for it

because they think the energy is red white and blue while the nationalists would oppose it and argue we should be interconnected with the Republic. None of them have evaluated the impact there will be on our electricity costs."

"It is a structural problem too. Under direct rule from London, the politicians have had the powers to influence events but no responsibility for the consequences."

John Murray Brown

Accident plan for health service

By Nicholas Timmins in London

Ministers are planning legislation requiring insurers to check whether motorists have been treated in hospital when they make a road accident claim to ensure that the National Health Service recoups the full cost of treating accident victims.

Insurers would inquire of claimants whether they had received in-patient or out-patient treatment, and would then notify the hospital, allowing the NHS to bill the insurance company.

The approach is the one currently favoured by Mr Frank Dobson, the chief health minister, who has received the promise of a

legislative slot in this session of parliament for a move which could raise millions of pounds for the NHS.

At present, under the Road Traffic Act, NHS Trusts can charge insurers up to £295 (£457) for out-patient treatment and up to £2,949 for in-patient treatment, figures which were set in 1995.

Many trusts, however, find it is not worth the cost of the bureaucracy of questioning all those who attend casualty departments, and then billing the companies. In 1996, the last year for which the Department of Health has figures, only \$5m was raised in that way.

However, the \$60,000 road traffic accidents involving injury cost the NHS an estimated \$45m in 1994, accord-

ing to the road safety branch of the Automobile Association; and health department officials estimate that up to \$150m could be raised under the current charging regime if it operated as intended.

The Department of Health said yesterday there were "no plans" at present to increase the level of charges, but Mr Gordon Brown, the chancellor, in his Budget speech said the government would act to recoup the costs "in full".

The Association of British Insurers, yesterday warned that any such move would increase premiums for Britain's 25m motorists. Insurers, a spokesman said, do not know how much they currently pay to the NHS. "But any approach like this

would mean both more money being paid across and much more administration for insurers." At present, all motor claims - not all of which involve injury - cost the industry about \$3.5bn a year.

Ms Becky Hadley of AA Insurance said premiums could rise by about £10 per policy if the NHS succeeded in recouping £150m, or nearer £20 if the whole cost of treating road accidents was the aim.

The Department of Health said ministers were determined to ensure that payment was made automatically and believed legislation would be necessary, although officials indicated ministers might consider another route.

New prefix set to boost car sales

By Haig Simonian in London

The change to the "E" registration prefix in August should boost new vehicle sales to almost record levels, according to the Society of Motor Manufacturers and Traders.

However, August could be the last time the prefix changes annually if the SMMT, which represents the motor industry, has its way. Carnivals are pressing the government to substitute the annual August changeover with a six-monthly change in March and September to even out sales through the year.

The SMMT, which had been in talks with the previous government, has now

briefed the new ministers responsible and "we are now waiting impatiently for a response", said Mr Ernie Thompson, the SMMT's chief executive.

The SMMT expects registrations in August, which account for about one quarter of annual new car sales, to be between 450,000 and 460,000. That implies new car registrations this year should be about 2.1m - the third highest on record and a per cent more than in 1996.

Confidence about the strength of the new car market this year received a boost from figures for June, which showed registrations rose by 7.3 per cent to 181,520, year on year. The June data meant registra-

tions in the first six months rose to 5.3 per cent, to 1.05m, compared with last year.

Much of the recent buoyancy in the car market has come from private buying, which has climbed more strongly than fleet purchases. After a fairly modest 3.5 per cent rise in registrations in the first three months of the year, new car sales soared by 7.4 per cent in the second quarter on the back of strong private buying, according to the SMMT.

"We do not believe the market is overheating," said Mr Thompson.

The vibrant car market has not, however, been fully reflected in figures for car production. The rise in private buying has fuelled

imports, which accounted for 66.5 per cent of sales in June compared with 62.2 in June 1996. The import share also climbed strongly during the first six months, with a rise to 65 per cent of sales, compared with 61.7 per cent in the same period last year.

The impact of rising imports on production has been cushioned, however, by a steady increase in the number of UK-built cars sold outside the UK.

The SMMT forecasts total production this year would rise to 1.71m from 1.68m in 1996, with exports remaining the main motor for growth.

However, it warned that the strength of sterling was beginning to have an impact on sales outside the UK.

FIDELITY FAR EAST FUND

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that for administrative reasons the Annual General Meeting of the Shareholders of Fidelity Far East Fund, a Société d'Investissement à Capital Variable organised under the laws of the Grand Duchy of Luxembourg (the "Company"), will be held at the registered office of the Company, Kansallis House, Place de l'Etoile, Luxembourg, at 11.15 a.m. on July 14, 1997, specifically, but without limitation, for the following purposes:

1. Presentation of the Report of the Board of Directors;
2. Presentation of the Report of the Auditor;
3. Approval of the balance sheet and income statement for the fiscal year ended February 28, 1997;
4. Discharge of the Board of Directors and the Auditor;
5. Election of six (6) Directors, specifically the re-election of Messrs Edward C Johnson 3d, Barry RJ Bateman, Charles TM Collis, Charles A Fraser, Jean Hamilius and Helmut Frans van den Hoven, being all of the present Directors;
6. Election of the Auditor, specifically the election of Coopers & Lybrand, Luxembourg;
7. Declaration of a cash dividend in respect of the fiscal year ended February 28, 1997;
8. Consideration of such other business as may properly come before the Meeting.

Approval of items 1 through 8 of the agenda will require the affirmative vote of a majority of the shares present or represented at the Meeting with no minimum number of shares present or represented in order for a quorum to be present.

Subject to the limitations imposed by the Articles of Incorporation of the Company with regard to ownership of shares which constitute in the aggregate more than three percent (3%) of the outstanding shares, each share is entitled to one vote. A Shareholder may act at any Meeting by proxy.

Dated: May 16, 1997
By order of the Board of Directors

Fidelity Investments

COMMENT & ANALYSIS

FINANCIAL TIMES

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Saturday July 5 1997

Pounding in store

To tax and to please, no more than to love and be wise, is not given to men, said the great 19th century Whig politician Edmund Burke. Seen from this jaundiced perspective, the delivery of the UK Budget is a painful task: all the more so for incoming Labour chancellors, who have often found themselves clearing up after their Tory predecessors.

Mr Gordon Brown, on the other hand, has always looked the rare politician who might actually relish such a role. This week, with the British economy clearly prone to excess demand, he appeared set to cast himself as damper-down-in-chief of the wayward British consumer.

Yet after initial gyrations the stock market response to the first Labour Budget for the best part of two decades was euphoric. City economists, rather than the new Labour chancellor, were left looking like puritans. For while Mr Brown talked tough in his Budget speech, the actual measures fell short of the fiscal hair shirt. If Mr Brown raised some useful revenue, he did so without throttling the consumer.

The stock market reaction was thus partly a gasp of relief. The big new revenue-raising measure – abolition of the dividend tax credit – was already anticipated. And since UK equities have underperformed so far this year, there was room for reassessment.

The modest improvement in the public finances, equivalent to a reduction in the public sector borrowing requirement of £8bn this year and next when compared with previous plans, was not enough to set the gilt market truly alight. But nor was it had for equities. The chancellor, then, has pulled off the rare feat of taxing and pleasing – investors – are those from whom he has taken the money.

Hardly coherent

Mr Brown has emerged as an exceptionally commanding figure in the new Labour administration and his Budget, with its largesse for healthcare and education, was politically adroit. But from any other perspective it was hardly coherent.

The populist windfall tax on utilities was directed more at the beneficiaries of pension funds than the "fat cat" directors who have so enraged public opinion. Meanwhile the fat cats themselves have escaped surprisingly lightly.

The reduction in the rate of

dividend tax credit for individual investors to 10 per cent in 1999 would normally have resulted in an increased tax bill for those shareholders who pay the top rate of income tax of 40 per cent. Yet the chancellor, adhering fastidiously to Labour's pre-election promises on income tax, has announced a new reduced top rate of tax of 32.5 per cent on dividend income to ensure that the rich, fat cats included, are spared any loss of income.

Heavy loss

In contrast, the holders of personal pension plans have lost heavily, and will have to increase their lifetime contributions significantly to earn the same level of pension. This is not the kind of signal to send a public that will soon be asked to step up private provision for pensions. Nor does it seem very plausible that taking money away from pension funds will encourage industry to invest more. What it will do is hasten the demise of the defined benefit pension scheme.

Whether the chancellor flunked the test of setting the economy on a sustainable course by failing to raise taxes on consumers remains a difficult question. The politics of income tax is such that even a Tory government would probably have scooped money out of the pension funds. That said, a Tory government would not have had a windfall tax. But nor would it have had Mr Brown's employment measures. It is a welcome feature of this chancellor's tenure that he is so seriously committed to addressing unemployment.

The snag is that micro-economic measures could all too easily be outweighed by the soaring response of sterling. This leaves the new monetary policy committee of the Bank of England with a near-impossible task next week in deciding what to do. A modest interest rate increase will neither damp down consumer spending nor arrest sterling's rise. Yet tougher action would squeeze industry and commerce.

The charitable view of the Budget is that it could have been worse. With the Bank of England now outside his control, Mr Brown is in the hands of the markets. While he may be grateful for this week's plaudits from the equity market, he should not forget that, for a chancellor, it is the verdict of sterling and gilts that really counts.

A Brown and pleasant land

Nicholas Timmins and Robert Chote report on the chancellor of the exchequer's vision for the UK and the obstacles in his way

In the UK, there is a man with a vision. It is a vision of a society where shaven-headed punks with pierced noses insulate the joys of hypothermic pensioners as the first step on the road to redemption.

A country where teenage girls are no longer seduced into lone parenthood by benefits and a council flat, which deliver only poverty. A country where they opt instead – and, if they won't opt, are compelled – to train as childcare assistants, putting something back as they get the chance to take something out.

It is a world of life-long learning: of schools whose roofs no longer leak, with class sizes that are manageable, and where the classrooms flicker with the computer screens needed to send their pupils off to compete in a globalised, high-skill, information-rich economy; and where a university of industry will ensure that learning never stops.

It is a nation whose money is stable; responsibility for it removed from the hands of feckless politicians with half an eye on cheap electoral advantage, replaced instead with a Bank of England that even the Bundesbank might trust. But the Bank, too, has new responsibilities to go with its new freedoms: to help to explain in public and to MPs if things go wrong.

It is a place where companies are not merely expected, but if need be required, to act responsibly: providing quality training, investing for the long term, involving their community, paying a minimum wage, and exercising corporate responsibility. One where the "fat cats" become sleek Persians, proud, well paid even, but no longer disdainful of public opinion.

A country in which gleaming, privately financed hospitals replace rotting Victorian wards and in which the anti-roads protestor Swampy will have to get a job – or find a company in search of environmental credentials to sponsor him.

Don't mock. This is Brown-scape: Britain according to Mr Gordon Brown, the chancellor of the exchequer. Rights, responsibilities and fairness.

The vision was there in every item in the Budget: in the big changes to corporation tax he says will make Britain ever more competitive, attractive and profitable – at least in the long run. It was there in the cash for schools and for health, the £5m which will at least make a start on the university for industry. It was there in the requirement that employers train their workers in return for the subsidies they are being offered, and that the young take the opportunities that come their way – like it or not.

It was Mr Brown's society: inclusive yet coercive. Not the old Thatcherite question "is he one of us?", but a demand that all



of us be one of us. Business leaders heard it at the breakfast where Mr Brown signed them up to "welfare to work", pointing out that they had responsibilities too.

"I urge every business to play its part in this national crusade to equip the country for the future by taking on young unemployed men and women," he said in his Budget speech.

In the pantheon of recent Labour politicians, Mr Brown is not Mr Blair. Instead he stands midway between Labour's present leader and its previous one, John Smith, for all his bank manager manner and QC's silk, was fired by anger against poverty: a man driven by the old Labour goal of equality of outcome.

Mr Tony Blair is driven much more by equality of opportunity, believing success should be rewarded and, if need be, rewarded awfully well. Mr Brown shares Mr Smith's seething anger against injustice. But he has come to believe that a genuine drive to deliver equality of opportunity may now be the best way to deliver something closer to equality of outcome: it requires,

however, an equality of personal contribution as a quid pro quo.

Can the vision be achieved? One of the string of business leaders he has recruited to government observes that the chancellor "is a curious mixture of almost Thatcherite self-help, underpinned by a wish to see a very strong safety net".

This son of a Church of Scotland minister – with a Calvinist streak but a fine knowledge of rock bands, and whose thesis was on Keir Hardie, the cloth-capped first Labour leader – displays "a real grasp of government, and I am deeply impressed," says the business leader. Government has huge levers it can pull by way of regulated industries. Not just the privatised utilities, but the banks and financial sector, as well as through government contracts and support for overseas trade. "It is clear he wants to use them," he says.

It is a role that comes naturally, says a Labour insider, to someone who believes the government's job "is not just to manage but to help put the world to rights".

So far Mr Brown has impressed

even the sceptics. Mr Tim Melville-Ross, director-general of the Institute of Directors, says the chancellor's pro-business approach is welcome. And while companies are unlikely to see themselves as fully fledged crusaders, they will play their part.

"The reality is that business is more likely to prosper and make good returns for shareholders if it has good relations with the man and woman in the street," he says. "Most businesses will be quite hard-headed about welfare-to-work and will only get involved if they can see the long-term benefits. And I am sure many will."

Some wonder if the chancellor has all the targets right. A senior executive of one of Britain's biggest companies observes that it is all very well signing up chief executives to welfare-to-work. "They want to be seen to be on-side and politically involved. But the people he needs to convince are not the figureheads, rather the human resources and personnel people who will actually have to deliver this."

It will mean convincing, too, people such as Robert Campbell

– an unemployed 21-year-old in Newcastle-upon-Tyne who says he is not going out to work for less than £150 a week. Coercion has its place. But for the programme to deliver real benefits the Campbells of this world may need convincing there is something in it for them.

In areas outside his core responsibilities, some doubt the chancellor's grasp. His belief that the problems of the National Health Service can be solved by cutting bureaucracy and the internal market is "naïve", says Professor Alan Maynard, a leading health economist.

And if the great welfare-to-work crusade fails, Labour and its chancellor will pay a heavy price. People might well lose the faith in active government that Labour's victory seems to have rekindled. The cynicism engendered in the Tories' final years could return.

Success is far from certain. What if employers use the wage subsidies that Mr Brown is offering merely to take on people they would have employed anyway? Worse still, what if they get rid of existing workers in order to take on others who attract a subsidy?

"It would be idle to deny that this is a very real risk," says Mr Melville-Ross. "But put together sensibly, it can work. Because, through the combination of subsidy and training, companies should find that they have a broadly capable employee at the end of the process."

Even if the subsidies work, there are dangers that the benefits of the scheme will be overwhelmed by events. In the US, welfare reform has coincided with a period of robust economic growth. The number of welfare recipients has seen its largest decline in 50 years. But President Bill Clinton's own council of economic advisers gives the state welfare-to-work programmes the credit for only 31 per cent of the fall, with the growing economy accounting for 40 per cent.

Mr Brown may not be so lucky. He is launching his programme much later in the economic cycle. By his own admission, the economy's spare capacity is almost exhausted, its pace of growth unsustainably strong. The financial markets fear the Budget has not hit consumers hard enough to take the steam out of the economy and that the newly independent Bank of England will have to finish the job.

Further interest rate rises could easily turn into monetary overkill. If so, the resulting downturn might do far more to increase unemployment and long-term joblessness than welfare-to-work will do to reduce them. Mr Brown may have the right vision. But, should events turn against him, he would then have to take the responsibility.

LETTERS TO THE EDITOR

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UK decision on Emu will set the timetable for Sweden's entry

From Professor Carl B. Hamilton, Sir, A social democratic (SD) government will not take Sweden into Emu in 1999. This was announced a few weeks ago. Two reasons were given. First, the negative domestic public opinion in Sweden. Second – according to the prime minister Mr Goran Persson – that the Emu project is "very uncertain" and "shaky". However, an additional and accurate reason for the SD leadership's decision is the significant risk of a renewed internal split of the SD party. European integration is to the Swedish social democrats what it is to the British Tories.

If there is a SD government in power also after the 1998 general election it would be bound to at least one more popular vote before Sweden enters Emu. It can be either the general election in 2002, an extra general election sometime 1999-2000, or a referendum.

A referendum would be risky for the SD party since it would open up old wounds and deepen the internal SD split on EU/Emu issues. Thus, on political grounds one should disregard the possibility of a referendum. An extra election would – again for internal SD reasons – not be called on the issue of Emu but, if at all, on some other issue like an untenable parliamentary situation. However, an extra election is hardly something any government can plan today. It can nevertheless turn out to be the result if a weakened SD government stays

in power after the 1998 election and if it wants to try its luck to improve its parliamentary position later on.

Three things can rock the boat: first, the SD may lose thoroughly in the 1998 general election and a more Emu-positive majority comes to power. Such an outcome is unlikely, but not impossible.

Second, Britain announces that it will join Emu. This would give Sweden (and probably also Denmark) an irresistible external push in the direction of Emu membership. As long as the SD has a dominating influence over Sweden's Emu policy it seems unlikely that Sweden could muster the internal strength and determination to decide on its own to join Emu. So what Britain chooses on Emu is very likely to decide the matter also for Sweden.

Third, if there is a combination of Emu turning out to be a great success in Europe, EU and Emu turn popular in Sweden, and there is an extra Swedish election 1999-2001, then Emu may be pushed through as a side issue in that extra election.

However, it is much more likely that Britain's decision and time table on Emu also will be Sweden's.

Carl B. Hamilton, chief economist, Svenska Handelsbanken, Kungälvsgatan 2, S-106 70 Stockholm, Sweden

Budget move on pension funds will remove downside of ACT 'hand-out' and rightly force them to improve performance

From Mr L.J. Manson.

Sir, Contributors to pension schemes and personal pensions should not swallow whole the "spin" the UK pensions industry is putting on the abolition of its advance corporation tax rebates. ACT was introduced as a neutral measure, mainly to speed up payment of corporation tax, but was later used by Conservative governments to give a "hand-out" to pensions funds.

While beneficial in some respects it had the same downside as most government "hand-outs". Even the inefficient investment funds were able to produce seemingly good results, for which they charged high fees and paid their managers huge salaries and bonuses, even when they performed less well than funds merely tracking the FT-SE Index.

The massive downsizing operations following the last recession had the effect of reducing anticipated commitments of most pension schemes, enabling companies to take contribution holidays and use the funds released to pay ever-increasing dividends. This in turn pushed up share prices and benefited pension funds in the short term.

What is required is long-term benefits. These will come only from increased profitability. As cost-cutting has been pushed to its limits this will have to be achieved through increased investment in innovation, equipment and skills.

It is time company directors showed more resilience and resisted the claims of the City that it is better able to invest a company's cash flow advantageously than the managers who produced it.

Removing government "hand-outs" has the same effect, whether paid to people on welfare or to pension funds. It forces them to behave more productively. It is only this that will reverse the long-term decline in UK industry, and provide long-term improvements to industry and in turn to pension funds.

L.J. Manson, 7 Rivermead Court, Hurlingham, London SW6 3ET, UK

From Mr E.R. Wynne-Griffiths. Sir, I am astonished at some of the outrageous claims made in the newspapers concerning the effect on pension schemes of the removal of advance corporation tax relief.

The true effect on UK pension schemes will be to reduce the return by something of the same order that the investment managers charge in fees. The difference between upper and lower quartile investment managers is 10 times the effect of the removal of ACT relief.

I find it difficult to see how actuaries can reduce the value of pension funds by huge amounts when the stock market (substantially made up of the same pension funds) decides that dividend growth will still be adequate in the future.

The most likely result of the removal of ACT relief will be that surpluses which might have been declared at some future date will now be rather smaller. Actuaries

will have to learn a way of overcoming the presentational problem of getting this information across.

E.R. Wynne-Griffiths, consulting actuary, Bow Bell House, Broad Street, London EC4M 9EN, UK

From Mr Anthony E. Luke. Sir, It is breathtaking that the chancellor has the nerve to try to justify his decision to axe the dividend tax credit on pension funds by referring to the fact that "many schemes are in surplus".

Indeed many company schemes may be in surplus but those of us who opted to go the personal pension route will be gravely wounded by this action. While companies are pledged to guarantee the benefits under their schemes those of us with personal pensions have no such recourse.

It goes without saying that the over 50s are not the only losers as everyone with a personal pension has been discriminated against; but for some the threat is not so immediate and therefore, perhaps, perceived to be less of a problem.

Nonetheless when they come to retirement all those with personal pensions will be significantly the poorer as a result of Mr Brown's wretched measure.

Anthony E. Luke, Barley Cottage, Ashmansworth, Nr Newbury, Berkshire RG20 9SW, UK

From Mr Simon Clayton.

Sir, It would be interesting to know how many new cases of pensions mis-selling the government has created as a direct result of its action to tax pension funds. The decision to transfer a preserved benefit to an insured buy-out policy or to contract out of the state scheme using an insurance contract has always been finely balanced. At a stroke the chancellor has retrospectively tipped the balance for many people, seriously damaging their eventual benefits with no one to share the cost.

This government has been very quick to apply pressure to the insurance industry to resolve its pensions mis-selling problems. Will the chancellor be as quick to compensate the innocent victims of what has turned out to be "mis-buying" because of his actions?

Simon Clayton, "Tara", Apperley, Gloucester GL19 4DW, UK

From Mr Adrian Martin.

Sir, Providing work for our unemployed young people is a laudable aim of the government, especially when backed by sanctions to discourage the workshy.

However, what measures can be adopted to prevent even more 40 and 50-year-olds being tossed on to the employment scrap heap as employers seek to reduce costs and have the incentive to do so of being paid by the government to take on young people? What is there to stop unscrupulous employers freezing or reducing the wages of older employees

under the threat of bringing in unemployed school-leavers in their place?

Adrian Martin, 56 Beeches Avenue, Acocks Green, Birmingham B27 6LP, UK

From Mr Paul Mason.

Sir, Liz Saunders, manager of an Aldays convenience store in Warrash, Southampton, ("Budget verdict – the retailer", July 3) is misguided.

She said that retailers can "cope" with the 18p increase in a packet of 20 cigarettes. Before the Budget, the Tobacco Alliance, which represents 28,000 independent retailers of tobacco, estimated that retailers were losing up to £23,000 a year as a result of lost tobacco sales caused by smuggling. The increase in tobacco tax will only encourage smuggling and cross-border shopping, because the differentials between the UK and the continent are now so big. This will lead to a reduction in legitimate sales of tobacco, and a reduction in excise duty that the government can collect.

The worst hit will be independent retailers – community shops – which could be forced to close. The chancellor started his Budget statement by saying he would help small businesses, then turned his back on small shops.

Paul Mason, national spokesman, Tobacco Alliance, Haymarket House, 23-25 Haymarket, London SW1Y 4SP, UK

From cloned sheep to cash-cow

Daniel Green looks at progress made by Dolly's creators in developing a medical business

Dolly is one-year-old today. The sheep that stunned the world because she is a genetic copy of another sheep - is in fine form. She gambols across her deluxe pen to greet visitors and, with her front hoofs on the gate rail and a well-timed "baa", can charm just about anyone.

Her creators are not quite so carefree. They are no longer feted by press and TV and must now get down to the job of turning Dolly into a business. First, they must overcome a host of technical and ethical obstacles.

If all goes according to plan, medical applications of the technology behind Dolly could be on the market within three years. That is the view of PPL Therapeutics, the Scottish biotechnology company that created Dolly together with the neighbouring Roslin Institute, a government-funded research centre.

The first commercial application is scheduled to be a treatment for haemophilia. Heart drugs could follow, as well as a range of products

including nutritional supplements and organs that could be transplanted from animals to people. There could also be treatments for some genetic diseases.

All this from a sheep. Most people have met a clone: identical twins have exactly the same genes and are therefore clones of each other. What makes Dolly special is that she is the clone of a sheep six years older than she is.

Making her was not difficult - at least in principle. Roslin and PPL scientists took cells from an adult sheep's mammary gland - she was named after country and western singer Dolly Parton - and grew them in the laboratory. Separately, they took an unfertilised egg from another sheep and took out the nucleus, which contains the sheep's genes.

Then they put one of the cultured cells next to the unfertilised egg. A tiny electric current made the walls of the two cells fuse, giving the unfertilised egg the other cell's nucleus. The new egg was cultured so that it grew into an embryo, which was

implanted into a third sheep. The PPL and Roslin scientists performed 277 cell fusions, which led to 29 eggs being implanted into 13 sheep. Just one got pregnant. That sheep gave birth to Dolly on July 5, 1996. Her historical significance is undeniable. The Science Museum in London has already asked permission to stuff her after she dies and put her on display.

But the process of cloning per se is not of much interest to PPL. Says Mr Martin Breeze, commercial director. What is important, he says, is the "nuclear transfer" technology that created her.

PPL's main business is genetically engineering sheep to produce medicines in their milk. Doctors would like to treat more patients with proteins derived from human blood, which is in short supply. PPL's solution is to engineer sheep genetically so that these proteins are produced in milk. The company already has a flock of more than 300 female sheep, each with a piece of human gene that triggers the production of a human

protein, called AAT, in their milk. Each sheep produces between 12 and 15 grammes of AAT in every litre.

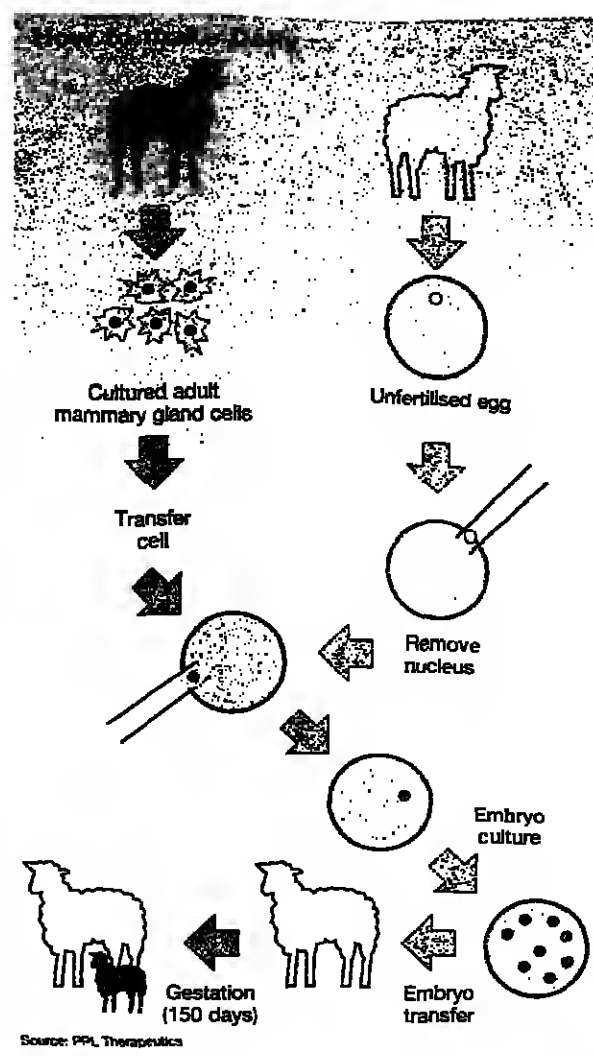
PPL believes that AAT, which is already used for emphysema, could treat cystic fibrosis. This month AAT has entered its second clinical trial for this lung disease, which kills most victims before they are 20. Each patient is given about two grammes of AAT a week.

The difficulty for PPL is that the AAT flock took several generations to build up and the company could not conduct clinical tests until it had enough sheep to guarantee supplies. This is where the technology behind Dolly could become useful. Nuclear transfer technology allows an entire flock to be created at the same time by putting identical cell nuclei into many eggs. Moreover, the technology would allow cows, which have a long breeding cycle, to be used. Cows produce more than 20 times as much milk as sheep.

One more scientific breakthrough is needed. It is of no commercial use merely to create an instant flock of normal sheep like Dolly. PPL and Roslin want an instant flock in which each sheep has the human gene that produces human proteins in the milk. They do not need to clone adult sheep to do this. They can add human genes to cells taken from sheep embryos (not adults) before putting them into unfertilised eggs. The first such sheep should be born later this year.

The first protein to be produced in this way should be Factor IX, the treatment for haemophilia. A flock of sheep containing it in their milk could be born next spring; the drug could be submitted to health regulators in 1999 and be on the market in 2000.

Mr Ron James, PPL's chief executive, is well aware that Dolly has created an ethical debate over cloning. He says that the advantage of nuclear transfer is that it does not require cloning of adult animals. "These sheep would not be genetically identical to any adult sheep



Guy Dinmore meets King Zog's son, who has claimed Albania's throne in the post-election chaos

Arms and the 'monarch'

In his heavily guarded villa on the edge of Tirana, Albania's would-be king is holding court. King Leka is denouncing an attack on his supporters by special police units which he says were acting under the orders of the Socialists.

"We didn't come here with the intention of starting a war," declares the heir to the throne left vacant since his father, King Zog, fled Albania in 1939 as Mussolini's troops invaded.

One royalist was shot dead and five wounded in Thursday's gunfight, after monarchists gathered outside the headquarters of the central electoral commission. King Leka, who returned to Albania in March after 58 years of exile, insists he won last Sunday's referendum on restoring the monarchy.

He accuses the Socialists, who won the general elections held on the same day, of manipulating the vote and has vowed to take his complaint to the constitutional court. Most observers agree, however, that the violent events of this week have ended whatever chance the "king" had of winning his longed-for throne.

Sent beneath Albania's national flag, King Leka dismisses suggestions that he incited unrest by marching in military uniform at the head of several hundred well-armed supporters. "If we were carrying out an armed action, believe me our people would have been better equipped than just with the pistols," he says.

King Leka was just two days old when his father fled Albania. Since then, he has spent most of his time raising an army in exile in Johannesburg. He has been expelled from Spain and jailed briefly in Thailand on



Military march: self-proclaimed King Leka (centre) walks through Tirana surrounded by armed supporters

charges related to gun-running. That was all communist propaganda, he says. "Don't bring up the old stories about drugs and gun-running. That's the pure Marxist-Leninist method of downgrading your opponent."

King Leka's campaign to capture the throne has become intertwined with a political wrangle between the Democratic party of President Sali Berisha and the Socialists, led by Mr Fatos Nano, a former Marxist economist. The morning after last Sunday's elections, when state television began showing Benny Hill reruns and Mickey Mouse cartoons, it became clear the president was in trouble. The silence meant the ruling Democrats had lost.

Eventually Mr Berisha, the former heart surgeon turned free-market leader, who had triumphantly ousted the communists in 1992, appeared on television to concede defeat. He appealed to supporters to accept the results with "courage and dignity" and hinted vaguely that he would resign.

It was just what most Albanians and all European governments had hoped for: the removal by ballot of the man who had seen his country plunge into chaos earlier this year when hundreds of thousands of people lost their savings in pyramid investment schemes.

Western election observers brushed aside incidents of violence, intimidation and attempted fraud, and pronounced the polls "adequate

and acceptable". For a moment it appeared the unthinkable had happened. Albania, after four months of chaos and more than 1,500 deaths, was behaving like a normal country.

That was an illusion. Albania, with its private armies and politically backed warlords - made rich by drug trafficking - soon showed it was more like Liberia or Colombia than Europe. The night after the elections heavy gunfire erupted from the compound of the presidential guard. Tracers lit up the night sky and the police's armoured personnel carriers rumbled up and down.

The next day, Socialist party leaders moved swiftly to quash rumours of a coup by Berisha loyalists. An

hour later an agitated and at-times incoherent Mr Berisha defended his orders to the presidential guard to secure the capital "from armed gangs".

Mr Berisha, until recently hailed by many as the saviour of his country, has lost favour with the west and with most of his own people. "We expelled the communist dictator Enver Hoxha but we found a new dictator in Berisha," says Roland, an artillery major reduced to selling cigarettes on Tirana's Boulevard of Martyrs. "Berisha created a conflict between north and south. He must not pit the Albanian people against each other."

When the coup failed to materialise, Tirana's street cafés began to fill again. Roland was busy selling cig-

arettes. And prostitutes in smart cars were luring soldiers of the cheerful but powerless Italian-led multinational force that had arrived in April to restore order.

That was when King Leka, an imposing figure at 6ft 8in, marched by in full military uniform, with a pistol and grenade at his belt on his way to a mass rally. One man fired a pistol into the air and moments later a gun battle was in full swing. Security forces with an ancient machine gun on a tripod fired into the air from a nearby football stadium. The monarchists replied by firing their Kalashnikovs.

With the usual language of hate and recrimination, the monarchists blame the Socialists, while the Socialists heap opprobrium on King Leka and Mr Berisha for provoking the incident.

Mr Abedin Mulosmanaj, the "minister of royal court", defends King Leka's heavily armed supporters. "In this country it is normal to carry a gun," he says. "When a child is born we put a gun under his pillow."

King Leka says he will continue to lead more marches until the authorities recognise the results of the referendum.

Asked about his declarations in favour of an ethnic "greater Albania", which would incorporate Albanians in Serbia and Macedonia, he says: "I stand for a united Albania." This, he says, "does not mean a declaration of war. If you take the steam valve off and the steam escapes, you don't have an explosion. But if you cap the valve, you do have an explosion."

Albania's neighbours will be watching nervously, waiting to see just how explosive the situation gets.

In need of a blueprint

GEC's new boss has plans for the company, say Ross Tieman and Bernard Gray

Tuesday will be Mr George Simpson's big day. The new managing director of the General Electric Company will stand up in front of City analysts to present his blueprint for GEC in the next century. With the future of one of Britain's largest industrial enterprises at stake, expectation in the City, and in industry, is running high.

This has mounted partly because Mr Simpson was brought into the company as a "can do" manager to fill the shoes of Lord Weinstock, who had run GEC for more than 30 years. Partly, too, because GEC is not an ordinary company. Many still see it as a bellwether of British engineering. Its fortunes are tied to the success of British manufacturing as a whole; but it has lost its direction in recent years.

What can Mr Simpson do to meet those expectations and give his followers a new lead? The answer is far from easy. As he must quickly have discovered when he joined the company, GEC is fenced in.

Around half of GEC's turnover is vested in joint ventures over which the company has very little operational control.

The two largest of these are the power engineering and trains group GEC Alsthom, which is jointly owned with Alcatel of France, and GPT, the telecoms venture with Siemens of Germany. These effectively require all parties to agree if any strategic decisions are to be made.

Another quarter of GEC is a lucky dip of industrial businesses, some good, some bad, some just ticking along. These are wholly owned, but do not add up to a significant whole.

The final slice of the company is GEC-Marconi, the defence electronics group, which must be Mr Simpson's prize asset. Marconi is wholly owned and occupies an important niche in the European defence electronics scene, but also has links to US industry.

Mr Simpson is bound to lay great emphasis on Marconi on Tuesday. He has entered the bidding to buy Siemens Plessey, the defence business which Siemens has put on the auction block; he is also rumoured to be interested in bits of Racal Electronics, which is likely to be broken up.

Such bolt-on acquisitions would combine well with a "get well" programme inside the division. This has been designed by Mr Peter Gershon, its managing director, to improve the quality of management and boost margins.

Taken together, the two moves would strengthen Marconi's negotiating position in the consolidation of the global defence industry which is under way.

If Marconi gets bigger and stronger over the next year or so, it will be better placed to negotiate deals with other defence partners such as the electronics group Thom-

son-CSF of France or British Aerospace.

Marconi will provide one kernel for growth and others may come from inside GEC's industrial mixed bag. Picker, its medical outfit, Videojet, the computer printer operation, and Gilbarco, the petrol pump company, are all good businesses that could be usefully expanded if the right acquisitions could be found.

However, if acquisitions are to make a difference to a company with a turnover of more than £10bn, they will have to be substantial. Finance for such big deals could come from GEC's super-strong balance sheet, but disposals also seem likely, not least because of GEC's lack of control over partly-owned businesses.

As a result, the bad and the ugly from GEC's industrial group of businesses are likely to go, and the fate of the two large joint ventures must also be in question.

GPT is in some ways the easier of the two operations to sort out. While GEC owns 60 per cent of the business, it only operates in the UK, and Siemens has a free run in the rest of the world.

Such a situation is not sustainable in the long term, and the sale of the business to Siemens is probably only a matter of time and price.

GEC Alsthom is a little more difficult. Earlier this year Mr Serge Tchuruk, Alcatel's chairman, was keen to split the business up, with one parent taking power engineering and the other trains. But French executives say that Alcatel has now vetoed the idea.

Demerger or flotation of GEC Alsthom is another possibility. This was actively pursued by Lord Weinstock at one point and could yet become a possibility again if other avenues are blocked.

While Mr Simpson undoubtedly finds himself constrained, he has some options. Most of these push him in the direction of wholly owned defence and other electronics engineering businesses and away from general engineering and joint ventures.

Given the activity at the company's Stanhope Gate headquarters, which has been intensifying over recent months, some of these possibilities must be under consideration. Whether any of the complex transactions can be brought to fruition in time for Tuesday's unveiling seems more doubtful.

While Mr Simpson is likely to dispose of slow-moving businesses and rejoin in faster-growth areas, he must be careful not to become a target of a cash-hungry predator in the process.

In his first year at GEC, Mr Simpson has made progress in refreshing the company's board. He has promised to set out a clear strategy for the company's development next week. But setting out a strategy is one thing; delivering on it will be the hard part.

Mrs Wang Longzheng, a retired factory worker in Shanghai, remembers the drab days of Maoist China: "There was no make-up in the shops in the 1950s and 1960s. Nobody wore lipstick. Cosmetics were regarded as a capitalist thing."

For a generation, the women of Communist China were taught to shun lipstick, mascara and eyeshadow, which were regarded as symbols of a decadent western culture.

But now that China has opened its doors to the world, beauty products are back. Today's young, professional Chinese women are self-aware, fashion-conscious and made-up.

"Every female wants to be beautiful," says Mr Masashi Kamata, head of Japanese group Shiseido in Shanghai. "But if you look at the middle-aged ladies on the streets here, they do not pay much attention to their clothes and how they look. It is the younger generation, exposed to office culture and fashion magazines, that knows how to enjoy life."

As young women have become interested in their own appearance, China has emerged as the world's fastest growing cosmetics market. Spending on cosmetics almost quadrupled between 1992 and 1996, with total sales last year valued at ¥18.1bn (\$2.2bn). This is still a fraction of the US and European markets, but demand is expected to keep rising by 22 per cent a year for the next five years, according to Datamonitor, the market research group.

Nearly three-quarters of sales last year were skincare products, in part because cosmetics have promoted creams and lotions - which tend to command greater brand loyalty than colour cosmetics - and in part because skin

Splash of colour on changing face of China

The popularity of beauty products is growing among young, professional women, writes James Harding

treatments appeal to a wider spectrum of women than make-up.

The typical lipstick buyer in China today is a woman aged 25 to 35, who lives in a big city and works in a service industry, with modest pay but relatively high disposable income. Revlon, the US group, estimates that target market comprises about 39m people.

Few companies, however, are yet targeting the small but growing market for male fragrances, skincare and haircare products.

Strong growth prospects are luring international cosmetics companies, which in recent months have poured into Shanghai, home of consumers with the most sophisticated tastes.

L'Oréal, the French haircare and cosmetics group, has recently started construction of a \$40m plant at Suzhou, just west of Shanghai. Revlon opened its Shanghai factory this year and launched a SuperLustrous lipstick, its first product made in China.

Only, the international fragrance company with headquarters in New York, has announced a \$15m joint venture with Yee-Sai Kan Cosmetics, one of the leading companies in China, and aims to open its Shanghai manufacturing facility next year.

Shiseido, which is considering building a factory in the area, will



Culture change: young women are no longer shunning lipstick

open its first beauty centre in Shanghai later this year. This, Mr Kamata says, will let "the girls who are really enthusiastic about cosmetics find the colour and style that really suits them."

Education is the mantra of the international beauty products industry in China. "Working in the cosmetics industry in China is

serving the community," says Ms Nikki Ng, Revlon's general manager in Shanghai. "We have a lot of education to do here, to make the world more beautiful, to make women feel more beautiful."

Ms Guo Jing, senior consultant to Estée Lauder, the US cosmetics group, says consumers are learning fast how to use colour. Never-

theless, "China is a bit slow compared with other countries in Asia. There is still a lot of homework to do on how to look at a colour."

Chinese women tend to prefer bright colours, particularly reds which are traditionally associated with good fortune. They are slowly coming round to pink and brown lipsticks and eyeshadows in cool colours, such as light blues and greys, according to Ms Guo.

Most international companies are tailoring their products to Chinese tastes. L'Oréal has emphasised how its skincare products use a special oil-free formula to combat the greasy skin that can be caused by Chinese cuisine and humid climate. Advertisements for a number of brands have stressed how their lotions will whiten skin, appealing to the Chinese liking for pale complexions. Shiseido, with its mid-market Chinese brand Anpre, emphasises its experience with Asian women.

At this stage in the market's development, however, the critical distinction for most Chinese buyers is price. In the lower and mid-range cosmetics markets, local producers, such as Shanghai Jahwa, dominate the market. The sales manager of a local merchandising company explains: "Chinese-made cosmetics are cheaper. Most Chinese people, restricted by their income, will use middle or lower-class products."

However, Ms Chen Jian, of the Zhengzhou Comprehensive Beauty Institute, one of more than 2,000 beauty salons in Shanghai, says younger women would prefer higher-quality, foreign products: "Most ladies coming to my beauty clinic like to use foreign cosmetics. They believe a suitable lipstick can make them look more energetic or, perhaps we can say, sexy."

COMMODITIES AND AGRICULTURE

Gold prices tumble to 12-year low

MARKETS REPORT

By Deborah Hargreaves in London and Bruce Jacques in Sydney

Gold prices tumbled to a 12-year low yesterday following the disclosure by Australia's central bank on Thursday that it had sold two-thirds of its gold reserves over the past six months.

Prices at the London Metal Exchange slipped by \$7 per ounce to \$334.50. "This is a genuine shock. It's not a bear market, it's a genuine shock," said Mr. Andy Smith of UBS in London.

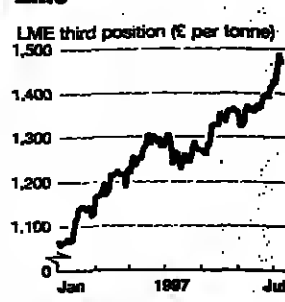
The Australian Reserve Bank's revelation that it had sold 167 tonnes of its 247-tonne stockpile exacerbated recent weakness in the gold market. Sales by other central banks in Europe have pushed down prices, but analysts shrugged them off as part of the banks' attempts to meet EMU criteria.

"Now, these Australian sales reveal a profound change of heart among central banks over gold - moving away from the sentimental view of the metal to a more cold-hearted approach which can only be bad for the price," said Mr. Smith.

Gold is Australia's second largest export commodity (after coal), with shipments worth about \$8.5bn (US\$5.8bn) in the year to June.

The Association of Mining and Exploration Companies said the Reserve Bank's sales had pushed a cyclical downturn in gold deeper than it would have gone.

Zinc



LME third position (£ per tonne)

	Tonnes	Change
Aluminium	665,450	-2,075
Aluminium alloy	58,940	-280
Copper	129,850	-650
Lead	117,200	-75
Nickel	53,244	+38
Zinc	421,550	+75
Tin	12,055	+10

*Thursday's close

Mr. George Savell, chief executive of AMEC, said some marginal gold operations would close. "A lot of association members are amazed that a Federal Government so dependent on the gold industry would be so stupid to do what they have done."

Mr. Joseph Gutnick, a leading Australian gold mining executive, predicted a recovery in the gold price and said the Reserve Bank's action could ultimately prove an embarrassment. "I'm very disappointed by the decision of the Reserve Bank," he said. "They have shown a lack of confidence in gold."

Trading in other metals was quiet yesterday as the US markets remained closed for the July 4 holiday. Zinc prices consolidated their gains after rising to a 6% high on Thursday.

WEEKLY PRICE CHANGES

Commodity	Unit	1997	1996	1995
Gold per troy oz.	\$334.50	-12.05	3382.25	3389.65
Silver per troy oz.	269.50	-15.00	311.50	330.10
Aluminum 99.7% (cash)	\$1584.0	+3.65	347.50	330.10
Copper Grade A (cash)	\$2669.5	-2.0	3200.75	3270.5
Lead (cash)	\$944.5	+3.80	579.55	572.55
Nickel (cash)	\$884.0	-5	576.00	582.00
Zinc SHG (cash)	\$1498.0	+50.5	5181.55	5141.5
Tin (cash)	\$5485	-20	5630	5505
Cocoa Futures Jul	\$1022	-102	1103	1131
Coffee Futures Jul	\$1178	-18	1178	1220
Sugar (LDP Raw)	\$268.0	-4.40	330.50	331.00
Barley Futures Sep	\$78.00	-3.75	110.50	136.50
Wheat Futures Jul	\$89.25	-1.00	111.00	110.25
Wool (4% Super)	\$42.40	-4	43.40	44.00
Oil (Brent Blend)	\$18.05	-0.015	18.06	24.95

For prices unless otherwise stated, p. Pence, c. Cents, b. 100, y. Aug.

BASE METALS

LONDON METAL EXCHANGE

(Prices from Antwerp Metal Trading)

ALUMINUM, 99.7 PURITY (\$ per tonne)

Cash 3 months

Close 1983.5-84.5 1605-07

Previous 1587-8 1609-10

High/Low 1600/1587

AM Official 1583.5-84.5 1605-07

Kerb close 1605-07

Open Int. n/a

Total daily turnover n/a

ALUMINUM ALLOY (\$ per tonne)

Close 1415-25 1445-55

Previous 1427-32 1450-6

High/Low 1413 1450

AM Official 1415-25 1445-55

Kerb close 1450-50

Open Int. n/a

Total daily turnover n/a

LEAD (\$ per tonne)

Close 648-49 657-58

Previous 625-8 657-58

High/Low 644.5 658/537

AM Official 648-49 657-58

Kerb close 653-64

Open Int. n/a

Total daily turnover n/a

NICKEL (\$ per tonne)

Close 6935-45 6945-55

Previous 6920-55 6930-55

High/Low 6920/6800

AM Official 6935-45 6945-55

Kerb close 6930-50

Open Int. n/a

Total daily turnover n/a

ZINC, special high grade (\$ per tonne)

Close 1457.5-58.5 1469-69.5

Previous 1472-3 1480-1

High/Low 1457.5-58.5 1478/1468

AM Official 1457.5-58.5 1469-69.5

Kerb close 1469-70

Open Int. n/a

Total daily turnover n/a

COPPER, grade A (\$ per tonne)

Close 2558-61 2406-07

Previous 2560-63 2404-5.5

High/Low 2558-61 2411/2403

AM Official 2558-61 2406-07

Kerb close 2406-07

Open Int. n/a

Total daily turnover n/a

LME AM Official 2% rise 1.8852

LME Closing 2% rise 1.8880

Spot 1.8852 3 mths 1.8813 6 mths 1.8749 9 mths 1.8697

HIGH GRADE COPPER (COMEX)

Sett. Day's price change High Low Vol. Int.

Jul 113.45 -0.15 114.00 112.80 1.174 6.689

Aug 111.85 -0.75 112.20 111.50 195 3.374

Sep 110.45 -0.05 110.75 110.10 194 3.125

Oct 108.45 -0.80 110.00 109.30 39 1.263

Nov 108.95 -0.55 109.50 109.50 39 1.263

Dec 108.35 -0.25 108.80 108.80 867 5.202

Total 12,076 49,886

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Nov 108.95 -0.55 109.50 109.50 39 1.263

Dec 108.35 -0.25 108.80 108.80 867 5.202

Precious Metals continued

GOLD COMEX (100 Troy oz. \$/troy oz.)

Sett. Day's price change High Low Vol. Int.

Jul 325.2 -7.1 331.8 331.5 -3

Sep 325.2 -7.1 331.8 331.5 -3

Oct 325.2 -7.1 331.8 331.5 -3

Nov 325.2 -7.1 331.8 331.5 -3

Dec 325.2 -7.1 331.8 331.5 -3

Total 325.2 -7.1 331.8 331.5 -3

Sett. Day's price change High Low Vol. Int.

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Nov 325.2 -7.1 331.8 331.5 -3

Dec 325.2 -7.1 331.8 331.5 -3

Sterling gains

MARKETS REPORT

By Richard Adams and
Wolfgang Münchauer

Sterling continued its show of strength on the foreign exchange markets yesterday, rising another 1.5 pence to reach its highest level in six years against the German D-Mark.

The pound closed at DM2.96, but against the US dollar, sterling was more subdued. It gained less than half a cent, ending the day in London at \$1.6577.

Against a backdrop of the UK's main trading partners, the pound closed at 104, compared to 103.5 on Thursday. Analysts said holiday-thinned markets on the US Independence Day contributed to calmer trading conditions, but further sterling gains were forecast.

The D-Mark weakened against the dollar, ending trading at DM1.7539, down half a pence.

The D-Mark also weakened against the yen, falling to within a whisker of the 1997 low of ¥64.66 it set in June. Due to the US public holiday, the US dollar was little changed against the Japanese yen, despite a Japanese official saying that no consideration is currently being given to raising interest rates there. Japan's official discount rate of 0.5 per cent is the lowest in the world.

Sterling has risen nearly 3

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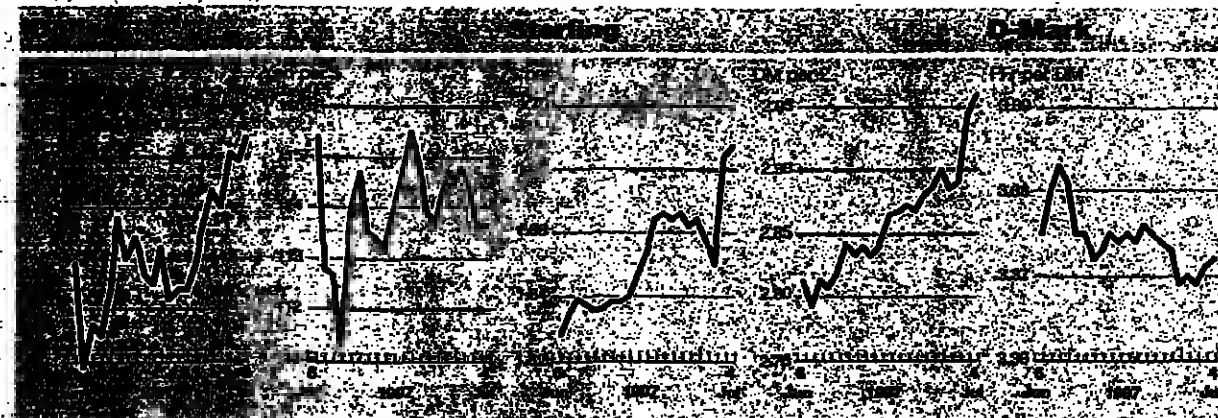
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curbing domestic demand on

monetary policy

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member of the Bundesbank's

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UNIT TRUSTS

WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

HSBC Hong Kong Growth	1,633
Investco Hong Kong & China	1,561
Gowett Greater China	1,422
Henry Cooke Eastern Enterprise	1,351
Fleming Select Latin America	1,350

BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	422
Save & Prosper Gold & Exp	541
Mercury Gold & General	620
F&G Japanese Smaller Cos	632
Schroder Japan Small Cos Acc	653

Mercury Gold & General



TOP FIVE OVER 3 YEARS

Hill Samuel US Smaller Cos	2,495
PM North America Growth	2,358
Franklin Technology	2,275
Franklin Health	2,275
HSBC Hong Kong Growth	2,253

BOTTOM FIVE OVER 3 YEARS

Old Mutual Thailand Acc	485
Friends Prov Japanese Sm Cos	511
Fidelity Japan Smaller Cos	512
Gowett Japan Strategy	522
Five Arrows Japan Smaller Cos	522

Prolific Technology



TOP FIVE OVER 5 YEARS

Prolific Technology	4,168
Garnmore American Emer Growth	4,108
HSBC Hong Kong Growth	4,050
PM North America Growth	3,850
Hill Samuel US Smaller Cos	3,781

BOTTOM FIVE OVER 5 YEARS

Gowett Japan Strategy	1,017
Friends Prov Japanese Sm Cos	1,077
Barclays UK Japan Inc	1,080
Fidelity Japan Smaller Cos	1,107
M&G Japan & General Acc	1,148

M&G Japan & General



TOP FIVE OVER 10 YEARS

HSBC Hong Kong Growth	6,640
F&G US Small Companies	6,254
Hill Samuel US Smaller Cos	6,033
Garnmore Hong Kong	5,950
Franklin Health	5,039

BOTTOM FIVE OVER 10 YEARS

Waverley Australian Gold	433
Barclays UK Japan Inc	588
Allied Dunbar 2nd Smaller Co	743
Lawrence Keen Emer Spec Sits	769
Mercury Japan	790

Garnmore Hong Kong



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. Source: Reuters Hindsight (01625 511311)

Indices

Index	1 year	3	5	10	Volatility	Yield
Average Unit Trust	1048	1331	1962	2220	3.1	2.5
Average Investment Trust	1115	1345	2156	2512	4.5	5.1
Bank	1033	1112	1206	1833	0.0	4.3
Building Society	1030	1110	1212	1836	0.0	4.0
Stockmarket: FTSE All-Share	1242	1690	2196	2893	2.5	3.5
Inflation	1028	1084	1126	1541	0.4	-

UK Growth

Trust	1 year	3	5	10	Volatility	Yield
Johnson Fry Slater Growth	1267	1991	2442	-	3.5	0.9
Jupiter UK Growth	1048	1301	2007	-	2.8	1.9
Perpetual UK Emerg	1185	1820	2778	-	2.5	2.8
Barclays UK Special Sits	1137	1720	2471	1870	2.8	2.0
Sarwa UK Growth	1018	1713	2140	-	2.7	1.8
SECTOR AVERAGE	1067	1486	1951	1953	2.7	1.8

UK Growth & Income

Trust	1 year	3	5	10	Volatility	Yield
Fleming Select UK Income	1277	1765	2254	2324	2.7	3.7
Perpetual Income	1184	1706	2441	2570	2.4	2.8
HSBC Footsie Fund	1290	1656	-	-	2.6	2.8
Lazard UK Income & Growth	1147	1655	2074	2282	2.6	3.3
Legal & General UK Stockmkt Acc	1288	1652	-	-	2.7	1.4
SECTOR AVERAGE	1139	1487	1906	2150	2.6	2.6

UK Smaller Companies

Trust	1 year	3	5	10	Volatility	Yield
Laurence Keen Smaller Cos	1057	1841	-	-	2.9	1.2
Garnmore UK Smaller Companies	1071	1781	2303	1707	3.4	0.3
INVESTCO UK Smaller Companies	1022	1735	2541	1887	3.8	1.3
AES Smaller Companies	975	1711	2094	-	3.0	0.8
Britannia Smaller Co's Acc	1013	1564	2645	1927	3.1	0.4
SECTOR AVERAGE	992	1312	1877	1556	2.9	1.6

UK Equity Income

Trust	1 year	3	5	10	Volatility	Yield
Jupiter Income	1127	1875	3305	-	2.6	4.0
Lazard UK Income	1145	1672	2196	2692	2.5	4.2
Royal Life High Income (Dis)	1187	1656	2144	2055	2.4	3.6
Britannia High Yield Inc	1126	1635	2341	2809	2.4	3.8
BWD UK Equity Income	1197	1626	2168	2358	2.7	3.4
SECTOR AVERAGE	1126	1441	1930	2152	2.5	4.4

UK Equity & Bond Income

Trust	1 year	3	5	10	Volatility	Yield
Clear Med Retirement Income Inc	1151	1472	1928	-	2.7	5.8
Prolific Extra Income	1074	1466	1912	2009	2.1	4.4
Abbey National Extra Income	1191	1468	2178	2525	2.2	8.1
Cazenove UK Equity & Bond	1114	1447	-	-	3.0	5.4
CIS UK Income	1156	1443	1862	-	2.2	4.1
SECTOR AVERAGE	1099	1333	1757	1849	2.1	5.4

UK Eq & Bd

Trust	1 year	3	5	10	Volatility	Yield
BWD Balanced Portfolio	1154	1665	2350	-	3.0	1.4
Perpetual High Income	1175	1603	2380	-	2.0	3.2
Credit Suisse High Income Port	1082	1540	2184	-	2.4	4.3
Canlife Income Dis	1159	1497	1877	1986	2.0	3.4
Sun Life Managed Inc & Gr Inc	1154	1447	1858	2297	2.6	2.7
SECTOR AVERAGE	1116	1449	1968	2062	2.3	3.0

UK Fixed Interest

Trust	1 year	3	5	10	Volatility	Yield
M&G Corporate Bond	1165	1392	-	-	1.8	6.8
Abnvest Fixed Interest	1090	1336	2054	2435	1.5	8.5
Thornion Preference Inc	1085	1325	1859	2262	1.8	8.3
Britannia Gilt & Fixed Int Inc	1085	1314	1851	-	1.8	7.8
Allied Dunbar Conv & Gilt	1072	1295	1615	1650	2.2	3.7
SECTOR AVERAGE	1074	1251	1494	1960	1.7	6.7

UK Gilt

Trust	1 year	3	5	10	Volatility	Yield
M&G Gilt & Fixed Interest	1144	1362	1442	1969	1.8	6.2
Garnmore PS Fixed Interest	1120	1304	1444	-	1.7	7.0
Murray Acumen Reserve	1100	1294	1433	-	1.4	6.8
Schroder Gilt & Fixed Int Acc	1073	1268	1391	-	1.8	7.2
Mercury Long-Dated Bond	1118	1264	-	-	2.1	5.7
SECTOR AVERAGE	1066	1215	1358	1957	1.5	5.9

International Equity Income

Trust	1 year	3	5	10	Volatility	Yield
Martin Currie Int'l Income	1142	1445	2056	-	2.5	3.3
GT International Income Inc	1099	1444	2144	2606	2.3	2.1
Dolphin Int'l Gilt & Income	1067	1399	1962	1483	2.8	1.3
Mayflower Global Income	1090	1380	2007	2092	2.3	3.4
M&G International Income	1092	1334	2084	2526	2.3	4.1
SECTOR AVERAGE	1097	1349	1973	2087	2.4	2.9

International Fixed Interest

Trust	1 year	3	5	10	Volatility	Yield
Baring Global Bond	1026	1256	1631	-	1.5	6.2
Old Mutual Worldwide Bond Inc	1004	1227	1494	-	1.7	5.0
Barclays Uni European Bond Inc	1055	1218	-	-	1.0	5.7
TSB International Income Inc	978	1171	1439	-	1.5	4.5
Newton International Bond	1018	1170	1523	-	2.1	5.7
SECTOR AVERAGE	981	1088	1372	1667	1.8	5.2

International Equity & Bond

Trust	1 year	3	5	10	Volatility	Yield
Bank of Ireland Ex Mgd Growth	1121	1504	2053	-	2.0	2.4
Fleming Global Opportunities	1163	1456	1804	-	2.3	3.2
Baillie Gifford Managed	1107	1430	1871	2367	2.3	2.5
Capel-Cure Hallmark Growth	1174	1414	1784	2078	2.3	1.6
Garnmore PS Long Term Balance	1117	1411	1986	-	2.2	2.7
SECTOR AVERAGE	1070	1312	1748	2139	2.1	2.4

International

Trust	1 year	3	5	10	Volatility	Yield
Prolific Technology	918	2336	4168	4469	6.5	-
Franklin Health	880	2275	2836	5039	6.9	-
Save & Prosper Financial Secs	1323	1963	3182	3141	3.0	1.3
Save & Prosper Growth	1293	1903	2974	3022	2.7	1.8
Franklin Financial	1208	1717	2093	3903	2.7	0.8
SECTOR AVERAGE	1063	1325	2058	2244	3.2	1.0

Nth America

Trust	1 year	3	5	10	Volatility	Yield
Hill Samuel US Smaller Co's	1012	2499	3781	6033	5.2	-
PM North America Growth	1169	2358	3806	4821	4.3	0.1
Edinburgh North American	1146	2055	3468	3502	3.4	0.8
Garnmore American Emer Gth	939	2052	4108	4638	6.0	-
Royal Life United States	1178	1967	3532	3722	3.8	0.5
SECTOR AVERAGE	1087	1875	2800	3036	3.9	0.5

Europe

Trust	1 year	3	5	10	Volatility	Yield
Jupiter European	1118	2054	3225	4890	3.1	0.2
Friends Prov European Gth	1187	1941	2733	-	2.8	-
Saving Europe Select	1090	1922	2917	3067	3.5	0.8
Allied Dunbar European Growth	1149	1912	2883	2994	3.7	0.1
Garnmore European Sel Opps	1163	1879	3014	3290	2.7	-
SECTOR AVERAGE	1123	1545	2267	2818	3.0	0.7

Japan

Trust	1 year	3	5	10	Volatility	Yield
GT Japan Growth	940	943	1885	1485	3.5	-
Martin Currie Japan	925	939	2053	-	5.4	-
Headstrong Exempt Japan	863	909	1751	1172	5.3	-
Schroder Tokyo Inc	903	882	1926	2138	5.0	-
Murray Japan Growth	883	879	-	-	4.5	-
SECTOR AVERAGE	803	720	1449	1220	5.2	0.2

Far East inc Japan

Trust	1 year	3	5	10	Volatility	Yield
Gowett Greater China	1422	1510	3068	3515	4.8	-
At'nist Pacific	930	1136	2248	3080	3.9	0.3
Schroder Far East Growth Inc	927	1096	2418	-	4.3	-
Martin Currie Far East	1021	1083	2067	2295	4.8	0.2
Thornion Oriental Income Inc	1017	1053	1887	2082	3.4	3.5
SECTOR AVERAGE	929	987	1934	2114	4.2	0.9

Far East exc Japan

Trust	1 year	3	5	10	Volatility	Yield
HSBC Hong Kong Growth	1633	2253	4050	6540	6.4	0.2
INVESTCO Hong Kong & China	1581	1788	3128	4051	6.3	0.3
GT Orient Acc	1149	1652	3221	-	5.5	0.1
Old Mutual Hong Kong	1307	1641	2840	4890	6.5	0.5
Garnmore Hong Kong	1325	1587	2827	5950	6.1	0.7
SECTOR AVERAGE	974	1144	2274	3374	5.2	0.7

Best Pops

Trust	1 year	3	5	10	Volatility	Yield
Jupiter European	1118	2054	3225	-	3.1	0.2
Johnson Fry Slater Growth	1267	1991	2442	-	3.5	0.9
Save & Prosper Financial Secs	1323	1963	3182	-	3.0	1.3
Friends Prov European Gth	1187	1941	2733	-	2.8	-
Allied Dunbar European Growth	1149	1912	2883	-	3.7	0.1
AVERAGE UT PEP	1068	1436	1978	-	2.6	2.8

Property

2	2499	3781	6033	5.2	-
9	2358	3806	4521	4.3	0.1
5	2065	3469	3502	3.4	0.8
9	2052	4108	4838	6.0	-
8	1987	3532	3722	3.8	0.8
7	1875	2800	3026	3.0	0.5

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Buttoned-up Will

'It is no longer possible for him to go out in public without people trying to speak to him.'



Fashion from the rag-bag

'Several established labels have latched on to the popularity of the vintage look in recent seasons.'



Rising of the rustics

'The gumboot is on the other foot. The sons and daughters of the working class are the political masters now.'

Page III

Pages X-XI

Page XXIV

How the east was won

It began with California dreaming and a German ascetic; it ended in hugs and tears. Bruce Clark on a triumph for personal alliances

Santa Monica, March 1993. They call it the People's Republic of Santa Monica or Soviet Monica. It's a seductive mixture of freshly squeezed fruit juice, a rent-protected lower middle class and a beach so wide you almost need to take a bus to get your feet wet. Santa Monica is London's Islington with a sun tan and a personal trainer called Chad.

The Santa Monicans, who include acted-out exiles from the grubbiness of Hollywood and ageing rockers retreating from the relentless overload of the East Coast, share the beach with defence boffins. In long shorts and open-necked floral shirts, they bring ambitious ideas about international harmony, and stock sophisticated war scenarios, in case utopia should happen to fail.

The boffins' bunker is the box-like, beach-side headquarters of the Rand Corporation, which came to prominence in the 1960s as the Pentagon's think-tank of choice. Unmistakably Californian in outlook, its pundits are encouraged to challenge taboos and ask the big, bold questions about the future of conflict.

In cold war times, Rand was kept busy by Vietnam, nuclear deterrence and the endless fantasy scenarios inspired by Star Wars technologies. But by early 1993, with the newly installed President Clinton promising to focus "like a laser" on the economy, defence was for downscaling. The Russians were going home, and Nato, the North Atlantic Treaty Organisation, had lost much of its reason for being: keeping the Russians out, the Americans in and the Germans down.

With demand flagging for classical war theories, Rand specialists turned their hand to a fundamental redrawing of Europe's political and military map - with Germany at the centre, not the edge, flanked by a friendly France and new Nato members from the old Soviet bloc. The east was won without a shot being fired.

But the most important geo-political shift of the late 20th century was not a foreign conclusion. Nato could have disintegrated, the US could have abandoned European defence, Europe could have dissolved into quarrelling fiefdoms, and Russia could have been pushed to the brink. Instead, history turned favourably on a chance meeting of minds and a couple of unlikely personal relationships. Personal chemistry made international policy.

The formalities of the agreement will come this week when Nato heads of government and would-be members meet in Madrid to invite Poland, Hungary and the Czech Republic to join this western military club. But this meeting had its origins in an odd combination of California dreaming at the Rand Corporation and the determination of another distant defence theorist, a German, who was thinking much the same thing at the same time.

Like many natives of Hamburg, Volker Rube was at home in the English-speaking world. He spoke the language with formidable, almost pedantic fluency, as one would expect from a former schoolteacher and pupil

of Hurstpierpoint public school in southern England. But the German defence minister was no sun-bleached dreamer; his style was Doc Martens, conservative suits and vigorous bicycling holidays on chilly North Sea islands.

Careless flamboyance was unthinkable for the steward of Germany's armed forces. Every move, every word had to be weighed. In March 1993, Rube addressed the Strategic Studies Institute in London, often a forum for the hypothetical. That he was one of the first to call for Nato enlargement was no guarantee that anything would come to pass, though his words worried Britons reluctant to accept changes that would lessen London's clout.

"Without our neighbours in central and eastern Europe, the strategic unity of Europe would remain a torso and an illusion," Rube said. About the same time, he happened across an early draft of a paper on Nato's future by three Rand analysts that dovetailed neatly with his own ideas.

Rube asked the trio to flesh out their thinking - while to outsiders they may have been just fiddling with an acronym "Nato", the theorists knew that they were attempting to plot the future of Europe. Just as Pentagon contracts were drying up, the German defence minister became the first non-American to hire the corporation's military expertise.

There was a third piece in this policy and personality jigsaw. Rube and his Californian soul-mates had an important friend - Richard

Holbrooke, a former New York banker who became US ambassador to Bonn. With a bond dealer's instinct for spotting a trend, and leveraging it, Holbrooke came to share the German's view that Washington and Bonn must co-manage the volatile area between Germany and Russia.

But there were too many sceptics in these early days. Stephen Larrabee, one of the Rand troika, remembers the reaction of a White House insider to "Building a New Nato" which they had written for the works' bimonthly magazine, *Foreign Affairs*. "Everybody in Washington thinks you're mad, except two people," he said. "Thankfully, one of them was William Jefferson Clinton."

Budapest, December 1994. A look of horror was visible on Bill Clinton's exhausted face as he listened to a snarling diatribe from Boris Yeltsin. "Europe, which has not yet discarded the legacy of the cold war, risks plunging into cold peace," he warned in a booming, intimidating voice. There was conflict raging in Bosnia, with Washington and Moscow backing different sides, and the steady evolution from confrontation to co-operation had been halted. "Why sow the seeds of discord?" Yeltsin thundered.

Clinton had not wanted to come to Budapest, and his political instincts were right. The romantic, dilapidated city on the Danube was bursting at the seams as 50 strutting leaders jostled for space. This was one summit too many: the re-launching of

a large, loose security forum whose acronym, OSCE, it was later realised, is an obscenity in Maltese.

Clinton's advisers had made him come for half a day - and it seemed far too long. For a President who choreographed every gesture, every "spontaneous" encounter, and milked every moment on his overseas trips, it was intolerable to receive this unscheduled tongue-lashing.

Back home in Washington, the President struggled to cope with a rift between his

couver and encouraged him to gird for battle in Russia's internal struggles. "Win, Boris, win!" he stage-whispered.

Then he met the Polish and Czech leaders at the opening of the Holocaust Museum in Washington, and mused out loud on the "deprived and insensate hands" who were still threatening Europe and the world.

After that, Clinton was deeply reluctant to choose between Russia and central Europe. Taking his cue from the Rand boffins, he wanted Nato to have formal ties with Russia, and take in extra members - but the message from Budapest was that Russia would not co-operate.

Yeltsin's appearance at the OSCE is still remembered by US officials as a "dark moment" in modern diplomacy. The worst thing, for Clinton, was that west European diplomats had some sympathy for Yeltsin's complaints.

The other nightmare for Clinton was that Nato might not last long enough to expend. By early 1995, British and French troops were threatening to quit the killing grounds of Bosnia. Unless it could avoid disaster in the Balkans, Nato seemed more likely to lose, not gain, members.

The Rand team had warned that Europe could fall apart - their fears were fast becoming facts. "Europe is headed toward crisis... Whether Europe unravels for a second time this century depends on [summoning] the political will and strategic vision to address the causes."

Translated, that meant, among other things, seducing and manipulating the Russians.

Moscow, May 1997.

Soviet-trained diplomats rarely weep in public. But there was no mistaking the tears on the cheeks of an adviser to Yevgeny Primakov, the Russian foreign minister, as they faced the press outside a Moscow mansion.

It was not the pollen count which moistened the eyes of Primakov's entourage. What they appreciated was an important visitor's unctuous praise for their boss, who could not afford to be seen as a western toady. Javier Solana, the affable face of the western military alliance, declared that Primakov was "a tough negotiator who always had the interests of his country at heart..."

In the year it had taken to negotiate a formal agreement between Nato and Russia - letting Nato enlarge without alienating Moscow - the alliance and its former enemy had gained some knowledge of each other's quirks.

The learning curve had been steep and bumpy for Solana, the former Spanish foreign minister, whose bearded, bespectacled and perpetual smile had personified Nato since he became secretary general in 1995. He was a charmer - with a Mediterranean feel for body language, presentation and saving face.

If Solana was Washington's favourite Spaniard, Primakov had been one of its least favourite Russians: a

Middle East hand with a soft spot for Iraq and Saddam Hussein. As a native of the Caucasus, he, too, could turn on the southern charm; his verbal store contained both vinegar and honey.

At an early meeting

between Solana and Primakov, the Spaniard took out his prized Mont Blanc fountain pen and drew a diagram of the new Nato, as pioneered in California and Bonn: enlargement, ties with Russia, a secure future for Europe.

Primakov was unimpressed. Who was Solana but a jumped-up civil servant? Primakov could address the main players, the US, Germany, France. Why suffer Solana? He then pinched Solana's Mont Blanc. The Spaniard knew about negotiators "pocketing concessions", but this was a first.

Things had to - and did - get better. A few months later, Primakov grudgingly described Solana as "sympathetic" - nice, or, more precisely, pleasant-looking. At the beginning of this year, Solana went to Moscow, and Primakov took him for a long walk in the snow. Finally, after many tense meetings, they were standing before the press, bugging each other.

Thanks to the sweet-talking Solana, Bill Clinton can meet European leaders this week in Madrid without fear of global crisis. The US president had learned from his early mistakes. Back in 1994, an indecisive west had presented Nato-Russia partnership as a favour which Moscow might withhold or deny.

Later, the west sent a tougher message through a more subtle messenger, Solana, he of the bonhomie. Russia could take or leave partnership, but the west would proceed with a larger Nato anyway. Yeltsin could hardly say no to a bappy ending.

The new European security order, dreamed up to the sound of Pacific breakers and Atlantic storms, had passed through hands, prominent and obscure, into the realm of conventional wisdom and carefully crafted treaties. Call it the victory of history.



Solana and Primakov went for a long walk in the snow. Finally, they were hugging each other

lieutenants over the emerging proposals for remaking European security. There were those, like Richard Holbrooke, now at the State Department, doing European affairs, who passionately supported Nato enlargement. But there were others who emphasised the importance of keeping Yeltsin happy by not expanding the defence alliance. Clinton refused to adjudicate - he couldn't cope with negativity.

This week's contents and columnists

Arts	VII, VIII	Motoring	XX
Arts Guide	XXI	Perspectives	II-IV
Books	V, VI	Property	XII-XIV
Bridge Chess Crossword	II	Joe Rogaly	III
Fashion	X, XI	Science	II
Food & Drink	XVIII, XIX	Small Businesses	IX
Gardening	XIV	Sport	IX
How To Spend It	XI	Travel	XV-XVII
Lunch with the FT	III	Weekend Investor	XXI-XXIII



Joe Rogaly
Planet of the Idiots

'Clinton has perfected a great skill - you do not upset the voters if you do very little.'

Page III

The Nature of Things
Sound bites

'Generating low-frequency sounds on a small loudspeaker is like harnessing a mouse to a drag.'

Page II



STROKE



MASTERSTROKE

HENRIE BOULLE	2-6 July
SUN CHINESE YEAR MEETING	2-7 July
HONGKONG GILBERT ISLANDS INTERNATIONAL FILM FESTIVAL	8-15 July
HONGKONG FILM FESTIVAL	9-15 July
BRITISH GRAND PRIX	13 July
150th GOLF CHAMPIONSHIP	17-20 July
YENAL, VIETNAM GOLF CHAMPIONSHIP	20 July
CLUBS & GOLFERS	20 July-2 August
CLUBS & GOLFERS	20 July
LA FORTUNE	1-11 August

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CHAMPAGNE OF THE SEASON

PERSPECTIVES

The Nature of Things

What the ear doesn't hear

If your neighbour's sound system is giving you a headache, Andrew Derrington offers hope

Have you ever been kept awake by the throbbing beat of a disco? Does the booming bass of music on your neighbour's hi-fi disturb your dreams? Or is your problem the opposite: are you dissatisfied with the tiny sound of your own stereo system?

Ronald Aarts and Erik van der Tol, engineers at Philips Research laboratories in the Netherlands, are working on a device called Ultra Bass that will both improve the sound of bass notes when they are played on small loudspeakers and make them less annoying to the neighbours.

Low-frequency sounds, the ones that we hear as bass notes, cannot be generated by small objects of any sort, whether they are organ pipes, piano strings, or loudspeakers. A low-frequency sound-wave sets a large volume of air in motion. Trying to generate one with a small loudspeaker is like

harnessing a mouse to a brewer's dray.

Ultra Bass uses a psycho-acoustic (psycho-acoustics is the scientific study of how we perceive sounds) confidence trick called the "missing fundamental illusion" to generate an impression of bass notes. The illusion occurs because musical sounds are not pure tones. They consist of a mixture of a fundamental tone, whose frequency determines the pitch of the note, and its harmonics, which are tones with frequencies that are whole multiples of the fundamental.

The harmonics determine the quality, or timbre, of a note. The same note sounds

differently on a violin and on a flute because the two instruments produce different patterns of harmonics. The harmonics also contain information that reveals the pitch of a note. They are all multiples of its fundamental frequency, so in principle it should be possible to work out the frequency of the fundamental from the frequencies of the harmonics.

Doing this is a bit of a puzzle, but our brains manage it unconsciously. When a synthetic musical note is constructed, the brain reconstructs the pitch of the fundamental even though it is not part of the sound that arrives at the ear.



The same thing happens if the fundamental is removed from a natural musical note by electronic filtering. We hear the pitch of the missing fundamental.

Ultra Bass avoids the problem of trying to play

low-frequency notes on small loudspeakers by removing those notes from the sound signal. It replaces each note it removes with a series of its harmonics that are reproduced by the loudspeaker, and cause a

human listener to perceive the missing fundamental. The result is that the bass notes both sound better and have fewer low frequencies. Since it is primarily the low frequencies in a sound that are transmitted through walls, "the neighbours don't hear it", says Aarts.

Ultra Bass is not the first electronic device to exploit the brain's tendency to insert the missing fundamental. Telephones do the same thing. They do not transmit low-frequency sounds at all, but we have no difficulty hearing the deep notes of a man's voice because our brain reconstructs it from the harmonics. The reconstruction is effortless

and automatic. It is part of the processing that the brain carries out to produce a perception of pitch.

Researchers in psycho-acoustics are still trying to explain how the brain perceives pitch. According to one of them, Chris Plack of Sussex University, the perception of pitch may depend on the timing of the nerve impulses that are sent from the ear to the brain.

The idea is that the brain determines pitch by measuring the period of time in which a sound-wave repeats itself. The repeat period of the sound produced by a vibrating violin string is the time taken by one complete vibration.

Removing the fundamental does not change the period. An artificial sound of the same pitch would also have the same repeat period. It appears that the interval between impulses fired by nerve fibres in the brain matches the period of the sound.

Plack is investigating ways in which this neural information may be analysed by the ear to produce a single unambiguous pitch. However, pitch is not everything. Plack stresses that although the Ultra Bass system may provide a more accurate reproduction of the bass melody of a tune on a small system, it will not have the same deep "timbre" of a large speaker. The perception of a deep bass depends on the low-frequency components being physically present, "although your neighbours may not see this as an advantage," he says.

The author is professor of psychology at the University of Nottingham.

Minding Your Own Business

The man who profits from the polystyrene parrot

Christopher McCooley explains how Artefact came to public notice

Gary Waters has made log cabins from PVC, parrots and pots from polystyrene, giraffes from fibreglass, chandeliers from old cutlery, spectacle frames from MDF (medium density fibreboard). Whatever the client wants he will make it - first the prototype then, if he gets the order, possibly hundreds more.

Shops always need good window displays. "Presentation is very important for retailers," says Waters. "The visual impact of the window is the first thing to attract the customers."

Waters, 45, left school at 14 with no qualifications. He had hoped to go to art college but took a job with Burton menswear as a junior on the display team, he ironed the suits before they were put in the window. Subsequently, he worked for a number of department stores including Debenhams and Alders before becoming display manager for an Army & Navy store in 1981. He left in 1986 and freelanced before setting up his own company.

Business was hard to come by when Waters started Artefact in 1991 - in fact for the first six months there was none. To pay the rent on the 600 sq ft workshop in an old laundry at Modest Corner, a hamlet near Southborough in Kent, he worked from 10 pm to 4 am cooking for the staff of a distribution warehouse.

"I'd had a couple of jobs in catering before starting Artefact so I was quite capable of knocking out sausage, egg and chips through the night," says Waters. "After finishing my cooking job I'd grab a couple of hours' sleep and then go to the workshop. I'd ring up and then visit potential customers. The banks were not particularly interested in offering any practical support but I thought 'where there's a will, there's a way'."

His first order came in 1992. The client wanted 70 log cabin panels for its sheepskin clothing shops. Start-up costs were minimal; he bought a band-saw for "a couple of hundred quid". (Subsequent equipment was purchased out of income.) "Many of the big name retail outlets have their regular suppliers for window displays and so it was very hard to persuade them to give me

- an unproven commodity - a chance."

In the first year of trading, turnover was £10,000 and Artefact made no profit. In the second year, the company got a big order for polystyrene pots (luckily production coincided with a long dry spell which allowed the pots to be dried on the roof). With his wife, whom he married in 1993, working in a school and taking care of the domestic side of things, the small second year profit went back into the business.

Artefact will make anything. "We were asked for 180 camels - we quoted but heard no more," says Waters, one senses with relief

Since then, Artefact's turnover has doubled each year. Waters puts this down to giving a good personal service (he still makes the prototypes himself), meeting the deadline for delivery (the shops work one season ahead so summer windows are made in the spring) and being competitive in price. In the fourth year, the business was doing well enough for his wife Judy to give up her school job and take over the book-keeping and administrative side of the company.

"The margins vary from job to job and profit can amount to anywhere between 0 and 30 per cent. Sometimes the display controller of the retail outlet tells you he has a budget of, say, £10,000, and you have to work within that - sometimes because you want the work and it is a new client you cover your costs and make little on the job."

Artefact has increased its space to 3,500 sq ft of the old laundry but Waters wants to move. He and his staff are working on many levels and it is difficult to man-handle MDF and huge pots of paint up and down stairs. There are more than 100 firms in the

shop display business; some specialise and make only mannequins or Christmas decorations. Artefact is comparatively small and flexible and will make anything. A core staff of five keeps the business ticking along but when there is a big order, like a recent one for 20 (out of 23) Alders stores which wanted lined oak furniture, then as many as 10 extra staff are hired from a bank of regular self-employed outworkers.

"In the holidays, I get a lot of art students wanting work," says Waters. "By the time we have made the prototype and got the order, manufacturing becomes more like a production line than arty-crafty work and they are a bit disappointed. But the work is varied and I need people who like to paint or sew. A lot of the skill is in the finishing - painting the polystyrene to look like clay pots, making MDF look like lined oak, or a giraffe looking like, well, a giraffe."

Some displays are easier to make than others; a potential client saw one of Artefact's giraffes at the International Display Week Exhibition held each year in Islington Business Centre. "We were asked for 180 camels - we quoted but heard no more," says Waters wryly and, one senses, with relief.

Another client wanted and got a display made from real bamboo which was especially imported from south east Asia. "That was a bit of a nightmare," remembers Waters.

"After a while, insects that had been in the wood began to hatch out under the warm shop lights - huge creatures began to fly about. Hardly the sort of thing you want when women are trying on new frocks."

Waters' Christian faith is the bedrock of his home and business life. After their marriage Judy was a widow with three young sons. Waters adopted the children last year.

"As Christians we are told to take each day as it comes, to be patient, to be honest, to give our best. I'm still trying to get that right..."

Artefact Display Workshop, Southbank House, Modest Corner, Southborough, Tunbridge Wells, Kent TN4 0LS; Tel 01892 513774, Fax 01892 517343.



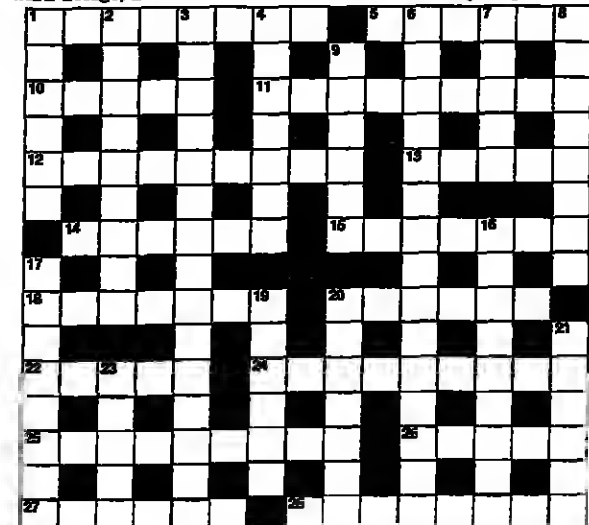
Gary Waters: "A lot of the skill is in the finishing - making MDF look like lined oak"

Christopher McCooley

CROSSWORD

No. 9,419 Set by DINMUTZ

A prize of a classic Pelikan Souverän 800 fountain pen for the first correct solution opened and four runner-up prizes of Pelikan M200 fountain pens. Solutions by Wednesday July 16, marked Crossword 9,419 on the envelope, to the Financial Times, Number One South Bank Bridge, London SE1 8HL. Solution on Saturday July 19.



WINNERS 9,407: R. Cole, Amersham, Bucks; P. Mayes, Grand-Brassac, France; C.S. Morris, Edinburgh; F.W.J. Teale, Harborne, Birmingham; A. Tertskian, London SW15.

ACROSS

- 1 Republic producing amino-acids (7)
- 2 Match with a cricket-club next to ring-road (9)
- 3 Some people put a brave face on it (5)
- 4 Shelter for Alice's intended (6-3)
- 5 Vessels in which Vikings went splooshing about (6)
- 6 ... head for overtail (6)
- 7 Disavowals in opening of Easter Island, possibly (7)
- 8 Exercises as punishments (6)
- 9 Wild aromatic plant found around Virginia (6)
- 10 Muse providing part of the answer at Olympus (6)
- 11 Sick, for example, with bile trouble - can't make it out (6)
- 12 Four in brave ramble (9)
- 13 Clever to bring back street-cars (6)
- 14 This Great Dane flopped on the beach (6)
- 15 Boli, for example, has means of saving time (5,3)

Solution 9,418

DOWN

- 1 Plug in pipe that stands out (6)
- 2 Entire sum used wantonly by insurance (9)
- 3 Collector of bits and pieces, inter alia (15)
- 4 Sack the bank clerk (7)
- 5 Representing Mac, touring Vicar of Christchurch for example (15)
- 6 Gold coin in eye-socket (6)
- 7 Extra short in doctor's measure of grape-sugar (6)
- 8 Sun due to come out? That's new! (6)
- 9 Like equations worked out to the letter? (3)
- 10 Having an aversion to go in France, soldier takes cycle (6)
- 11 Common movement of wages or acres? (6)
- 12 Irregular spot in America for betting a great deal on cheerleaders (7)
- 13 Things put out about four? (3-3)
- 14 Tired of freestyle wrestling, we hear (3,2)

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Solution 9,407

ACROSS

- 1 REPUBLIC
- 2 MATCH
- 3 BRAVE
- 4 ALICE
- 5 VESSELS
- 6 HEAD
- 7 ISLAND
- 8 PUNISHMENTS
- 9 VIRGINIA
- 10 MUSE
- 11 BILE
- 12 FOUR
- 13 CLEVER
- 14 BOLIVIA

DOWN

- 1 PLUG
- 2 ENTIRE
- 3 COLLECTOR
- 4 SACK
- 5 REPRESENTING
- 6 GOLD
- 7 EXTRA
- 8 SUN
- 9 LIKE
- 10 AVESION
- 11 COMMON
- 12 IRREGULAR
- 13 THINGS
- 14 TIRED

BRIDGE

Having failed, to be shown the winning line for your contract is humbling, but at least illuminating. Feeling that you could have done better without knowing how is another level of frustration altogether. So it was for one player who confronted me with this deal:

N ♠ 6 2
S ♠ 10 3
W ♠ K 7 6 2
E ♠ 7 4

W ♠ A Q 9 7
S ♠ 6 4
N ♠ Q 4
E ♠ K Q J 8 3

S ♠ K 5
N ♠ A K J 9 7 2
W ♠ 10 8 3
E ♠ A 5

North East South West
1D NB 4E
The bidding was unscientific but effective. West led K4 and, when dummy hit bats dealer realised that he faced four likely losers - two spades, one diamond and a club. He correctly opted to establish the diamond suit for discards, so he won the lead, drew trumps, cashed AK and led a third round. But East won with his J4 and switched to a

spade. Declarer now lost the four tricks he had anticipated.

The solution on this hand is a combination of suit establishment and avoidance play, for, if East does not gain the lead, declarer's K4 is safe. To this end, declarer should duck the club lead, leaving West on lead and eliminating any possibility of West under-leading his ♠QJ later to put East on lead with his 104.

With no better switch, West continues clubs and declarer wins. He draws one round of trumps, and then leads a small diamond from hand. West plays small, so declarer wins with A4 in dummy, returning to hand with another round of trumps which clears the suit. Now, he leads a second diamond from hand and, when West plays Q4 - with which he is marked from the bidding - declarer ducks in dummy, leaving West stranded on lead.

When declarer next plays to dummy's K4, East's J4 will fall, and the suit will be established. Realising this, the best West can do is to cash his A4 before South's spades can be discarded on the long diamonds.

Paul Mendelson

CHESS

London's grandmaster tournament played last month was the setting for an unusual record. GMs are often mathematicians, economists, journalists, or engineers, but the last to combine chess and medicine was Dr Tarrasch, who challenged for the world title in 1906.

So Dharsan Kumaran, the 22-year-old Oxford University No.1 and medical student who achieved his final GM norm at Drury Lane, broke a long-standing hoodoo. The son of a Harrow GP has won two junior world titles, and one factor in his success is that since he was aged 11 or 12 he has used a chess database ("a great time-saver") to prepare for opponents.

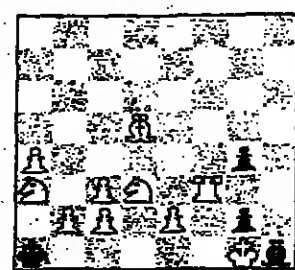
Kumaran was runner-up at Drury Lane behind the grandmaster, John Emms, who played the brilliancy of the event, sacrificing both rooks for checkmate (Emms v. Summerscale, Philidor Defence).

1 e4 e5 2 d4 e5 3 Nf3 exd4 4 Nxd4 g5 5 Nc3 Bg7 6 Bc2 Nf6 7 Qd2 0-0 8 0-0 Re8 9 f3 Nc6 10 h4 Ne6 11 Bb3 Bb8 Black has adopted a familiar Sicilian in an e4 e5 opening, but a key difference, which White now exploits, is that the dark squares around

Black's king are badly weakened. 12 h5 Nch5 13 g4 Ng6 14 Bb3 Nf1 15 Rxf1 ex 16 Nf5 Nc4 If gxf5 17 gxf5 with a winning attack down the g file.

17 Qd3 Bc6 18 Bf4 Qb6 19 b3 Ne5 20 Qd2 Bxf5 21 gxf5 Qb4 22 Bch7 A typical sacrifice on an open b file. Black's best defence is Nd3+ 23 cxd3 but White still wins the middle game after Bxc3 24 Qb2 or the endgame after Qxc3+ 24 Qxc3 Bxc3 25 Bxc3 Kxh7 23 Rb1+ Kg8 24 Rxb8+ Rxb8 For Kc8 25 Bxc5+ Rxc5 26 Qb6+ Kg8 27 f6 leads to mate.

Leonard Barden



صكتا من الامل

SUMMER READING

Literature at your leisure

Writers, academics, a theatre director, an actress, a City grandee, a dancer and a church leader discuss holiday reading

This year my suitcase will be full of Booker novels. So I need other reading that is light to carry but absolutely gripping. Selma Hill's new poems in *Violet* (Bloodaxe, £8.95) are wayward, funny, terrifying. Her writing scintillates with hatred, love and absurd insights: "Being fifty makes me feel large, / large and cold, / like someone else's fridge."

For solace I'll take Edward O. Wilson's tonic *In Search of Nature* (Allen Lane, £14.95). Dip anywhere into his essays and you find a fresh scale for looking at things. Ants, sharks, humans, snakes, bacteria, cobabit perforce, but gracefully. Sociobiology here becomes astonishingly alluring.

Gillian Beer.

The contents of my suitcase this year will include Richard Hoggart's *The Uses of Literacy* (Penguin, £2.99). Having heard Hoggart on Radio Four, I was intrigued to read his analysis of the cultural climate produced by mass literacy, and have looked for a copy ever since. Most bookshops do not stock it, and as I am the sort of person who likes to leave the shop with a paper bag and not an order slip in my hand, my search continued until recently, when a fellow customer overheard my request and offered to lend me his well preserved, original copy, with its cover price of 4s.

With an appetite whetted by *Sophie's World*, I shall also take Bertrand Russell's *History of Western Philosophy* (Routledge, £30).

Deborah Bull.

The Roy Strong Diaries, 1967-1978 (Weidenfeld & Nicolson, £20) should make ideal summer reading. They have been described (and derided) as catty, frivolous and self-centred. Yet I suspect they will have much more to say about the challenges and tribulations of running two of the greatest cultural institutions in the land: the National Portrait Gallery and the Victoria & Albert Museum. I also intend to catch up on Roy Foster, *W.B. Yeats: A Life, Vol. 1: The Apprentice Mope* (Oxford University Press, £25), in which Ireland's foremost historian takes on Ireland's greatest poet. Everyone tells me the result is the best literary biography since Richard Ellman's life of James Joyce. If so, then I shall be in for a real holiday treat.

David Cannadine.

I enjoyed the television series, *American Visions*, and look forward to the more detailed account of the history of American art promised in Robert Hughes new book, *American Visions: The Epic History of Art in America* (Harvill, £35). I have found his explanation of cultural influences in *The Fatal Shore* and *The Shock of the New* wonderfully full of ideas. I am hoping that his book contains the same quality of insight. For me this is the joy of reading: to find an idea one has never encountered, or, just as good, to find an idea expressed in a way that is fresh and pleasurable.

Saul Bellow has a new short novel, *The Actual* (Viking, £14, out in August), and I look forward to reading that. He has cut down the length of his novels as he has grown old, but there is something extraordinary about a man of his age producing such vital novels, however short. If he published his gas bill, I would buy it.

Justin Cartwright.

Under a willow-tree (distant protection against the sun) that now are meant to best down on us) I shall doze and try and concentrate on the two new biographies of J.M.W. Turner lately published: James Hamilton's *Turner: A Life* (Hodder & Stoughton, £25) and Anthony Bailey's *Stranding in the Sun* (Sinclair Stevenson, £25). Our greatest painter is still our most fascinating, and his battles with light no less so. I am also due to return to the darkness of *Black House*, which I reread every decade. (The OUP edition in paperback, £2.99, is my choice.) This is, I find, the most complex and atmospheric of Dickens' novels, haunted by ambiguities heralded by the fog that enshrouds the opening chapter. Locations are as vivid as the characters, from Chesney Wold in the sodden countryside to Krook's paper-filled lair where he spontaneously combusts, and the convolutions of the plot are as mysterious as these places. It's a good spot in which to spend a holiday.

Clement Crisp.

The discussion on holiday books in our household is one of the most acrimonious of the year. We find it easier to agree on where to go than on the books we will collectively take - and on a



Books for the beach: 'Summertime, Cornwall', by Dame Laura Knight

Endgeman Art Library

Canadian camping trip we have to agree to share. My opening bids this year are *The School Bag*, the new Ted Hughes and Seamus Heaney poetry anthology (Faber, £20). Its predecessor, *The Rattle Bag* a few years back, was brilliant. I shall also pitch for Thomas Pynchon's *Mason and Dixon* (Cape, £16.99). It is very long, and I'm told that in Quebec it rains a lot.

Howard Davies.

Science is not monolithic, and C.P. Snow's touchstone from scientific culture leaves biologists secretly uneasy. If anything can boost my understanding of thermodynamics it will be the lyrical clarity of Peter Atkins's prose. As a bonus, *The Second Law* (Macmillan, £14.95) predates the trendy, upstart usage of "chaos" (which means almost the opposite). Had Snow been a biologist, the second law might have been upstaged, as his criterion, by natural selection - which not all physicists understand. Let them read Mark Ridley's *Evolution*. I look forward to verifying that the second edition (Blackwell, £22.50) is as wittily informative as the first.

Richard Dawkins.

A secretary of state for arts and libraries once said to me: "I'm going on holiday and I'm going to take a book. Can you suggest one?" In his terms the medium-sized suitcase full of books that we'll take to Spain would constitute a library: thrillers (Dick Francis, Patricia Cornwell, James Lee Burke); adventure (Patrick O'Brien); classic (Mrs Gaskell); pulp fiction (I'm too ashamed to say); art fiction (Annie Proulx, Seamus Deane, Arundhati Roy, Anne Michaels); and non-fiction. I'm looking forward to them all, but none more so than *Longitude* by Dava Sobel (Fourth Estate, £12) and *The Pleasures of the Imagination* by John Brewer (HarperCollins, £20) - an appetising account of English culture in the 18th century whose only drawback is its weight, a trying test of the wrist muscles by the swimming pool.

Richard Eyre.

I don't often read biographies, but a familial death makes you very interested in Lives - and of course summer reading should be supine and secondary stuff. Reading Yeats is not like reading Yeats. Along with Roy Foster's *Life of W.B. Yeats*, volume 1, (OUP, £25) I'll be packing Hermione Lee's *Virginia Woolf* (Chatto, £20). Jeremy Lewis's *Cyril Connolly: A Life* (Cape, £25), Susannah Clapp's *With Chaucer: Portrait of a Writer* (Cape, £15.99) and, not for the first time, Elizabeth Bishop's endlessly interesting collected letters, *One Art* (Pimlico, £14).

Isabel Fonseca.

Eland Books' elegant reprints are perfect holiday reading. Out of an extensive list of forgotten-but-favourite and short-to-be-favourite books I have singled out *Lighthouse* by Tony Parker (£2.99) and *The Lane* by Roger Vassant (£8.99) although I could have gone equally happily for the travel works of Sybil Bedford. *Lighthouse* is a study of that strange breed, the keepers, in Parker's inimitable style of melded interviews: the view from the shore will never be the same for me. *The Lane* is a chilling - and thrilling - novel about Southern Italy, first published in 1968, which makes Mario Puzo's works look rather tame.

Antonia Fraser.

I shall be taking two books with me this summer, one very short and one very long. The long one is Brian Magee's *Confessions of a Philosopher* (Weidenfeld & Nicolson, £20). If you want a personal introduction to life's imponderables, this is the one.

The short one is more poignant. Jean-Dominique Bauby wrote *The Diving Bell and the Butterfly* (Fourth Estate, £9.99) by blinking his left eye, which was all he could move after a stroke. His reflections on life as seen from that situation provide a moving counterpart to Magee.

Charles Handy.

I have been given a wonderful cartload of books for my birthday including a first edition of *A Patriot For Me*, signed by the author, John Osborne, and a 1937 history of the Hampstead Cricket Club. The two gifts I am most looking forward to are Jeremy Lewis's amusing-looking biography, *Cyril Connolly* (Cape, £25) and *American Visions* (Harvill, £35), a history of American art by Robert Hughes. His TV series on the same subject was brilliant. My only regret is that I have already read Tom Hiney's inspiring biography of Raymond Chandler (Chatto, £16.99), but it is so compelling perhaps I will read it again.

David Hare.

While in the Lake District I shall make a start on S.E. Finer's huge, posthumous three-volume study of *The History of Government* (OUP, £160 the set) from the ancient monarchies in the modern state. No postwar scholar has outstripped Finer when it comes to tracing that jagged path between political science and history. On the historical front I have been itching to absorb whole Orlando Figes' *A People's Tragedy* (Cape, £25) since my daughter began reading chunks of it to me last autumn as she beat her path towards this summer's A Level.

Peter Hennessy.

American writers never cease in the attempt to tell the whole American story, which often takes the form of a fall from

grace - the Dream, the collapse of the Dream. The danger tends to be that mythic ambitions can overwhelm the characters. The critics, especially in the US, seem to believe that Philip Roth's *American Pastoral* (Cape, £15.99) has triumphed in this respect. I shall find out on the beach.

I've been looking for a composer who writes well about his craft and has some good stories to tell. I'm reliably informed that Berlioz is the man. I'll be taking his *Memoirs* (Gollancz 1969).

Ian McEwan.

The two books I'm stuffing into my travel bag this year are Roddy Doyle's *The Van* (Minerva, £5.99) and Leonard Cohen's *Beautiful Losers* (Black Spring Press, £6.99). Both are artists of language. Roddy Doyle captures the intricacies and subtleties of human communication through his characters - it is like reading about our neighbours, family and friends. Leonard Cohen paints words into pictures layered with passion and darkness, dealing with the stark feelings people don't talk about in polite company.

Janet McTeer.

Fast gaining cult status in India, set on a coffee plantation in Coorg, homeland of the unique warrior race that produced India's first field marshal, *The Scent of Spices*. Kaveri Ambanis' novel of political and social upheaval opens on a young girl entering her second bridal home, having been widowed at the age of 12. I'll also take *Mason and Dixon* (Cape, £16.99) by Thomas Pynchon. "A modern 18th-century novel" about two British surveyors encountering madness, old world and new frontier, as they draw the fault-line of US history.

Gita Mehta.

I plan to read Ted Hughes's *Tales from Ovid* (Faber, £14.99).

In the absence of another volume of Christopher Logue's inspired version of Homer, Hughes's 24 passages of Ovid are most likely to re-animate a classic text and lodge it, sharply focused and perfectly pitched, in the contemporary mind. "The snake sloughs its age and dullness; in a scurf of opaque tatters" - an image taken at random from the Hughes volume, but one which is emblematic of the whole endeavour, where Ovid promises to emerge "new-made, in molten brilliance".

Roy Foster's *W.B. Yeats: A Life, Vol. 1: The Apprentice Mope* (OUP, £25) has already given me great pleasure as I've read here and there, using the more than usually informative Index. For instance, the meticulously documented bad blood between Yeats and Robert Gregory explains why the poet's elegy "In Memory of Major Robert Gregory" should read like *matrioski*, those Russian dolls within dolls, dealing with Lionel Johnson, Synge, and George Pollexfen, before turning to the announced subject - who is shrunk to the size of a pea and garlanded with a couple of majestic phrases. As for Gregory's mother, Foster has turned up a marvellous reminiscence by an old Galway acquaintance, who described Augusta Gregory as "Loving - cold. Womanly - cold. Patriotic - cold. Very calculating, dutiful, courageous, purposeful and all built upon a bedrock sense of humour and love of fun and a bitter sarcasm with a vein of simple coarseness and simple inherited Protestantism." Sounds exactly like a real person, in other words. I expect Professor Foster has done the same for Yeats's contradictions.

Craig Raine.

After a year of reading and selecting from 50 years of Indian writing, it's time for a complete change. I've started two American novels and then decided to hoard them for later: Philip Roth's *American Pastoral* (Cape,

£15.99), by an author whose magnificent mature fictions are even more impressive than the brilliant hooks of his youth, and Thomas Pynchon's *Mason & Dixon* (Cape, £16.99). Pynchon has never been a lazy read, but has always his readers offered rich rewards - of intelligence, erudition, imagination, vision, and comedy - for their efforts.

Salman Rushdie.

I am looking forward to a closer acquaintance with Roger Scruton's *An Intelligent Person's Guide to Philosophy* (Duckworth, £12.95). This is a marvellous hook which gives back to philosophy the sweep and depth it once had before linguistic analysis reduced it to a study of words and their meaning. Scruton is unafraid to take on the big topics - God, truth, morality and freedom - with imagination and verve. Matt Ridley's *The Origins of Virtue* (Viking, £20) is an equally exciting foray into evolution and human society. The "selfish gene" is better at explaining conflict than co-operation, and what makes Ridley's book so refreshing is that he allows us to see that it is our capacity for collaboration that allows humans to adapt and survive together. These are two books which, in their different ways, put virtue back on the map of contemporary thought.

Jonathan Sacks.

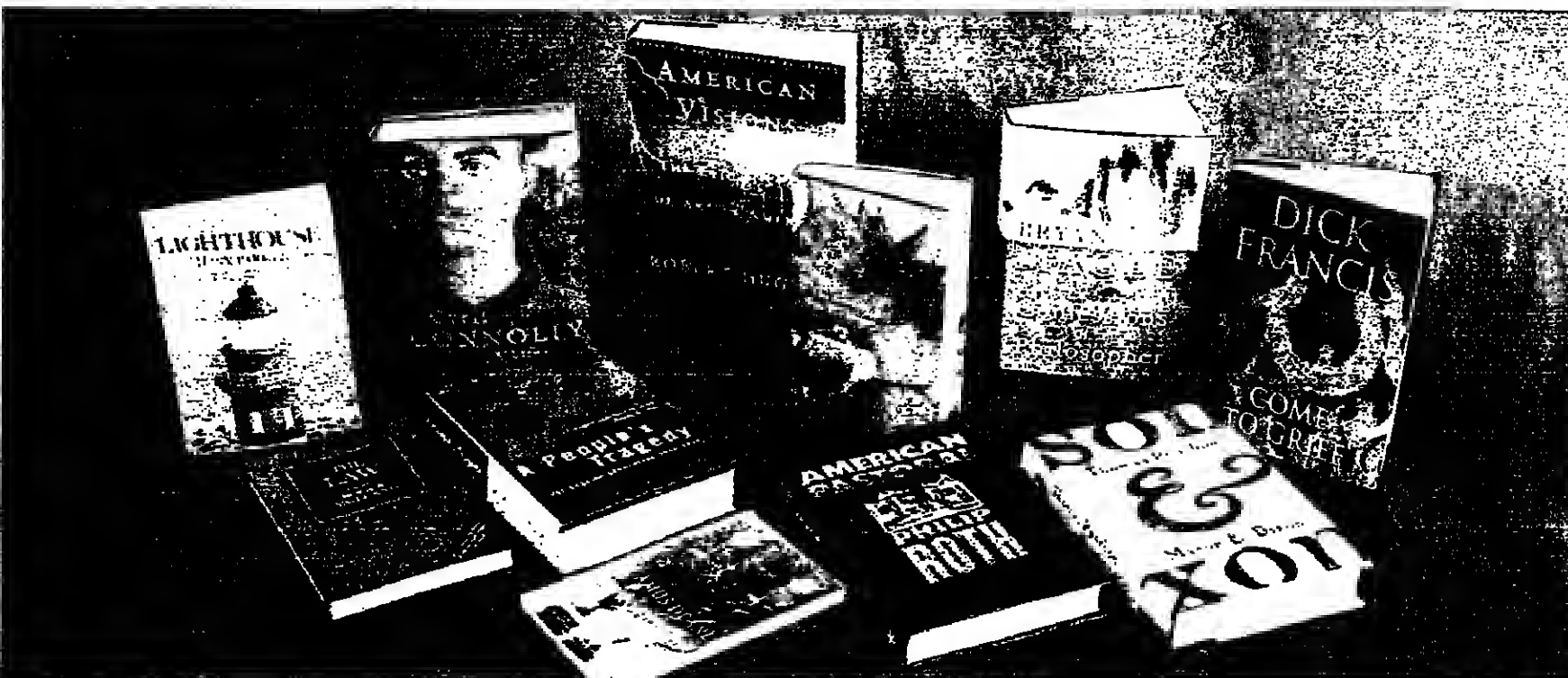
Trapped with the three fat women of Antheb, the same man reads non-fiction that diverts him into the labyrinth of past times and other places. *The Reach of Rome* by Derek Williams (Constable, £25) explores the fringes of that ancient empire, from Hadrian's Wall to Arabia Felix, from Mauretania to Armenia - the limits of the possible, triumph, retreat, disintegration, the wrath of Mars and chaos. *Visions of Ararat* by Christopher J. Walker (B.T. Tauris, £19.95) is a history of Armenia told in an anthology of writings by Gibbon, Byron, Gladstone, hapless clerics and impotent politicians - the wrath of race and envy.

Brian Sewell.

The notion that holiday reading should be "light" has always seemed false to me. A mind at peace in a French vineyard or dreaming in a Greek olive grove can immerse itself happily in the profound.

I've just finished Jonathan Raban's *Bodland* (Picador, £15.99), an acute and troubling account of the American Dream turned to dust in eastern Montana. Now, I'm addicted anew to Raban's style and will work backwards through his other books this summer, starting with *Hunting Mister Heartbreak* (Picador, £6.99). Adrift in foreign lands, eternally questioning the concept of "home", Raban crafts a more immaculate, ship-shape habitation out of the language than almost all his contemporaries.

Rose Tremain.



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178

BOOKS

Orphaned by the Khmer Rouge

Kieran Cooke on the young survivors' horrendous memories

Understatement can be a terrifying thing. Susie Hem was five years old when Pol Pot and his murderous Khmer Rouge swept into Phnom Penh in early 1975. Four and a half years later the Vietnamese invaded. "We were freed from Pol Pot's dictatorship and rudeness," Rudeness? More than 15 million killed. Torture on a massive scale. Anyone with glasses condemned as an intellectual, taken out and hacked to death. The starving forced into cannibalism.

Susie is now a beautician in Long Beach, California. Few of those she polishes and preens can have any inkling of the horrors she has endured. "Pol Pot forced all of us to work. If someone didn't work hard, he or she would be killed in front of other people. We worked from five in the morning until dark. We got to rest for only 10 minutes, twice a day... Every night many families were being killed by Pol Pot's soldiers."

How Susie and hundreds of thousands of fellow Cambodians survived such times is a remarkable testament to humanity's strength and resilience. How they manage to reflect on those years with such poise and equanimity is nothing short of miraculous. What drove the Khmer Rouge to such depths of barbarity is the big, unanswered question — an excursion into a world gone mad.

Dith Pran, the Cambodian associate of US journalist Sydney Schanberg whose experiences were portrayed in film *The Killing Fields*, has gathered together 29

accounts of those caught up in the Khmer Rouge butchery. They are short, simply told tales, all the more gripping as a result.

On April 18 1975, Srey-touch Sray-Ryser, then seven, was excitedly preparing for the Cambodian New Year's celebration at her sister's house in Phnom Penh. Gifts were being wrapped, food cooked. A tank went past the house. Khmer Rouge soldiers, some as

CHILDREN OF CAMBODIA'S KILLING FIELDS
by Dith Pran

Yale University Press £16.95, 119 pages

young as 12 and all dressed in black, ordered the family at gunpoint to leave the capital.

The official story was that the US was about to bomb Phnom Penh. After a time, the reality sunk in. The Khmer Rouge, formed in the countryside and deeply suspicious of urban dwellers, wanted to send all city people to the rice fields and jungle — whether they died or not in the process was irrelevant.

"They told us we were void. We were less than a grain of rice in a large pile. The Khmer Rouge said that the Communist revolution could be successful with only two people. Our lives had no significance to their great Communist nation, and they told us, 'To keep you is no benefit, to destroy you is no loss.'"

Yokimay Chan was 14 in 1975. At first he had no fear of the Khmer Rouge. "These soldiers were our countrymen. We had no reason not to believe them... leaving



Children at a Cambodian refugee camp: 'To keep you is no benefit. To destroy you is no loss', some were told

Mark Quattrone/Agfapix

Phnom Penh was an adventure. Thousands of people were leaving at the same time. The streets and sidewalks were covered with people carrying bags and cars crept along slowly in the congestion. There was so much noise."

Soon death was the only sight and sound Yokimay would experience. He walked for two and half months. Unused to life in the countryside, the family soon succumbed to malaria and other diseases. Sisters, grandfather and mother died. Two elder brothers were beaten to

death. (To save bullets the Khmer Rouge killed by beating people with the back of a hoe or with bamboo poles.)

Children were encouraged to inform on their parents. "Familyism", a Khmer Rouge term for missing one's loved ones, became a crime, often punishable by death. Children were supposed to devote themselves to Angkor, the Khmer Rouge high command.

As their world was brutally turned upside down, many of these children became desperate. "I wanted to commit suicide but I

couldn't," says Teeda Butt Mam, then 15 years old. "If I did, I would be labelled the enemy because I dared to show my unhappiness with their regime. My death would be followed by my family's death because they were the family of the enemy."

Even after the nightmare was over many of these children still had to endure years of suffering — being beaten and robbed by border guards in Thailand and spending months on end in refugee camps, uncertain of their fate. It is a continuing

indictment of the world community that Khmer Rouge leaders have not been punished for their crimes.

Dith Pran has photos of each of the contributors, most now settled in the US. There is little bitterness in the faces, only freshness and optimism. Yet behind the smiles is the sadness of a lost childhood and a lost home. "Sometimes I sit down and cry and think about the past," says one of the survivors. "But life goes on, and I have to learn to take care of myself."

Twixt God and Mammon

Commentators often pontificate about the decline of deference in British society since the second world war, but the answer is not too far to find. The great and the good, who assumed the right to control the nation's affairs, repeatedly displayed their incompetence. They did not deserve respect.

The Church of England's embarrassment in the property market is a prime example. In the late 1980s and early 1990s, the Church Commissioners, responsible for the management of the church's assets, lost heavily on their investments in speculative developments.

The arcane structure of the commissioners, their lack of clear accountability to the rest of the Church and the discomfiture displayed by Anglican leaders when dealing with matters of Mammon all played their part in the fiasco. So did the attitude of the commissioners towards criticism. Sir Douglas Lovell, the first church estates commissioner, is described by the author as having a "curt and superior attitude in responding to questions."

When news of the losses finally emerged, it was not by an open and apologetic announcement but in a story in the *Financial Times*. This defensive attitude was displayed in the many years commissioners spent battling Church liberals, who wanted a rigorously ethical approach towards investment, particularly on the issue of South Africa. With suitable irony, the commissioners claimed that their fiscal responsibilities were paramount.

Of course, the commissioners were not the only ones to be caught out by the collapse of the property market, which also embarrassed many of the UK's leading banks. But the sheer scale of their commitment to the sector was breathtaking. They committed over half their assets to property at a time when the average pension fund, still scarred by the problems of the 1970s, had a holding of just 7-8 per cent.

At the same time, a lot of this investment was financed with borrowed money. The commissioners' borrowings rose from £4.7m in 1987 to £513m in 1990 — at a time of course when base rates were rocketing to a peak of 15 per cent. The commissioners com-

pounded this strategic mistake with tactical errors: they were none too successful either in picking their developments or in controlling the costs of the projects. One, the Marlowes, originally budgeted at £41m, eventually cost £130m. Another plan, the development of a site near Ashford in Kent, involved the commissioners in substantial initial expense in the hope that planning permission would

NUMBER ONE MILBANK: THE FINANCIAL DOWNFALL OF THE CHURCH OF ENGLAND
by Terry Lovell

HarperCollins £15.99, 263 pages

be granted; it was not. On one scheme, the commissioners agreed to a "signing-on fee" merely to have the chance in participating in the project. A leading property specialist described this decision as "quite astonishing. It is not something I would have ever agreed to, nor in my opinion, would any similar company in that situation."

Nor did the commissioners appear to run their affairs efficiently. According to the author, "there was such variation between the accounting methods of the commissioners and their joint venture partners that their respective projections of profit levels invariably differed." And officials used an incentivised fees system for their advisers, "which blithely ignored the scale of fees recommended by the Royal Institution for Chartered Surveyors."

Most damning of all, although the commissioners were responsible for clergy benefits, they failed to make a proper actuarial assessment of their pension liabilities; the most basic requirement for any pension fund. The author, a former northern news editor of the *People*, amasses his evidence well, although he adds little in the way of flair or colour. The final chapters, an account of the discussions about Church structural reform, are dull indeed. But like many a worthy sermon from a long-winded but well-meaning clergyman, the book contains a valuable lesson: beware the smooth assurances of the elite.

Philip Coggan

A spell of gypsy enchantment

There is a character in Henry James who admits that he may once have lived in Bohemia but adds that he was known there as a gentleman. Anthony Sampson's grandfather John would meet that description except that he rose to academic distinction from plebeian origins: to the gypsies of pre-war Britain he was known as "the Rai", the gentleman, and he certainly seems to have lived discreetly, a Bohemian life worthy of his great friend Augustus John.

Anthony Sampson is an author and journalist famous for his books on the anatomy of Britain, the international oil companies, the South African sanctions campaign — heavyweight stuff. He is presently working on Nelson Mandela's biography. Here, in *The Scholar Gypsy*, he relaxes to investigate the mysterious life of his grandfather, a

THE SCHOLAR GYPSY
by Anthony Sampson

John Murray £16, 229 pages

Liverpool philologist who was obsessed with gypsy culture and whose life-work was the documenting of "deep Romani" as it last became a dead language. John Sampson was torn between the respectability of turn-of-the-century academic scholarship and the Bohemia of the gypsy communities he discovered, inspired by

George Borrow, in the hills of North Wales. To stumble on these Welsh gypsies, wrote the philologist, was "like finding a tribe of organ-grinders who among themselves spoke Ciceronian Latin." But the "gypsy enchantment" went far

than that. His grandson starts with a childhood memory of "aunt Mary", who turns out to have been John's illegitimate child by one of the stable of variety girls who shared his gypsy passions. John Sampson had a second, secret family, there may have been other — gypsy — children.

This makes for a tantalising family tale. There is only a passing bid to analyse the lure of the gypsy a century

ago — the vagabond? The outsider? The Romantic? The ooble savage? The witch? Carmen? The life of the imagination? The promise of the New Age?

There was danger as well as attraction, as John Sampson must have known. "My mother said that I never should play with the Gypsies in the wood..."

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ARTS

An ironic musical legacy

Paul Moor on an unlikely, posthumous, recording star

Until his death last year at the age of 84, the great Romanian conductor Sergiu Celibidache was known for his "sound-pancakes" - yet he has been hailed as the 1997's top recording star. EMI has snapped up the rights to a treasure-trove of tapes made during his final years as chief conductor of the Munich Philharmonic Orchestra.

In September EMI will release a sampler - Musorgsky's *Pictures from an Exhibition* - to whet the appetites of Celibidache fans worldwide. The main course will be a 10-CD box featuring his interpretations of Beethoven, Debussy, Haydn, Mozart, Ravel, Schumann, Tchaikovsky and Wagner. EMI has an option to release a further 20 CDs, including a set devoted to Bruckner, a Celibidache speciality.

To make this recording event possible, nobody did anything behind the conductor's back. He knew his Munich Philharmonic concerts and rehearsals were being taped for the orchestra's archives, but these were of no interest to him, and he never listened to them. When he died, the orchestra's vaults contained recordings of dozens of works.

Celibidache's rights went to his only son Serge, who found himself in an agonising dilemma. Despite his father's fanatical disapproval of recordings, grey-market Italian CDs had long been available, using primitive off-the-air tapes from the conductor's early years that did his reputation no favour. Celibidache's will did not forbid posthumously issuing the Munich archive on CD. He had even told his son to do what he liked with it, and the Munich Philharmonic was keen to exploit its musicians' salaries. That was when the bidding started: EMI is said to have beaten Deutsche Grammophon and BMG to the prize.

German news reports have claimed that during his lifetime, Celibidache was offered a recording fee higher than Herbert von Karajan's, and that one US label even offered him a blank cheque. But "Celi", as he was affectionately known, continued to dismiss recordings as "substitute self-gratification". This distaste was linked to his interest in phenomenology. In everything he conducted, he considered all aspects of tempo and dynamics to be fine-tuned to momentary circumstances. From that perspective, he saw each performance as unique, and would not allow a performance undertaken in one environment to be made available for listening in a different one.

Throughout Celibidache's career, nothing conformed to precedent. When the Berlin Philharmonic faced an emergency after the war - with Wilhelm Furtwängler dry-docked in de-Nazification proceedings, and his heir-apparent Leo Borchard accidentally killed - Celibidache shot directly from Berlin's Musikhochschule to the conductorship of one of the world's greatest orchestras. After Furtwängler's death in 1954, Celibidache was so offended by the way Karajan positioned himself as Furtwängler's successor that he turned his back on the orchestra. Only in 1992 were conductor and orchestra reconciled.

For sheer charisma, few conductors could match "Celi". He radiated rapture when his musicians pleased him, but would bedevil anyone who irked him. He dismissed Arturo Toscanini as "a note factory", Karl Böhm as "a potato sack" and Riccardo Muti as "ignorant". Managements shied away because of his extravagant rehearsal demands, and he spent much of his career conducting second-rate radio orchestras. But he did have 17 final balcony years in Munich. The orchestra developed into a world-class ensemble and his devoted players have yet to appoint a successor.

Celibidache was living proof that, contrary to widespread belief, talented conductors do not need the record industry to sustain their careers. Ironically, it may well be these previously unheard recordings which preserve the Celibidache legend for posterity.

Down on the riverbank

William Packer finds the most famous work of the 'pointilliste' artist, Seurat, put into context

The National Gallery's huge canvas "Bathers at Asnières", some six by nearly 10 feet square by Georges Seurat, of young men variously at ease in the sunshine by the river, came into the national collection in 1924, one of the first Impressionist or post-Impressionist works to do so. Bought from the critic Félix Fénéon, a friend of Seurat who had bought the painting direct from the family in 1900, it proved immediately and lastingly popular - classical in spirit, monumental in its formal disposition, and yet so accessible in the naturalism of its imagery.

It is indeed a work of extraordinary ambition and presence, painted when Seurat was only 24, and his first attempt at anything much larger than two feet by two. He saw in it the making of his public reputation, and to some extent it was, for though it was rejected for the Salon of 1884, it was shown that summer with the work of the *Artistes Indépendants*, his fellow rejectees in other words, with whom he continued to show

throughout his life. Like Vincent van Gogh, whom he came to know and with whose career his own virtually overlapped, Seurat was one of those great artists whose achievement is concentrated within a frighteningly short span. Unlike van Gogh, he had private means and, under no pressure to sell, could afford to develop at his own methodical pace. In 1876, at the age of 17, he first took drawing lessons and at 19 entered the teaching studio of Henri Lehmann, a sometime pupil of Ingres. Desultory attempts to get into the Ecole des Beaux Arts failed, but he got a drawing of his friend and fellow-painter, Aman-Jean, into the Salon of 1883. In due course he met the artists he would assume he would meet - Signac, Pissarro, van Gogh. He began to show fairly regularly. And then in 1891, after a short illness, he died, aged 31.

Here was a young and ambitious artist, in close touch with the advanced art of the day, quite free to experiment and develop entirely on his own terms. Founded in current colour theory, his refined palette and his disciplined pointilliste technique - an infinitude of tiny strokes of comparatively unmixed pigment built up to command every subtlety of tone and colour - may have disconcerted the Salon jury, but it set him as an artist well apart from his contemporaries. Post-Impressionism, so we were once taught, was the work of Gauguin, Cézanne, van Gogh and Seurat, the four horsemen of Modernism, each equal but distinct in influence and importance; Seurat the most distinct, the most particular of them all.

His exhibition beautifully demonstrates this aspect of Seurat in the processes by which the "Bathers" came about. From the small, free and rapid oil sketches made on the spot, to the compositional studies in the studio, with their colour trials and more regulated handling, to the final magisterial work itself. The wall of drawings, with its studies of individual figures for the painting - the back of the head of the man with a hat; the boy in the water with his hands to his mouth; the boys sitting on the bank, arms on knees - each image conjured in disarming simplicity out of the dense black working of the surface, is as thrilling a sight as any to be had in any gallery, anywhere.

But the old simple certainty of interpretation has been challenged in recent years, and rightly so. It is in this respect that this exhibition is most surprising and intriguing. For this is no technical exposition nor monographic study, but one which sets Seurat firmly in the context of his time. Most obviously it shows that, far from being alone on the riverbank, that reach of the Seine, past Corbevoie, Asnières and the island of *le Grand Jatte*, with its new bridges and factories and workaday barges, was teeming with artists - Manet, Monet, Caillebotte, Signac, van Gogh.

On the other hand, the Salon is not to be dismissed, for, far from being the case that Seurat and his fellows enjoyed a relation to it of mutual rejection, they sent in their work and hoped to show. The Impressionists, let alone the post-Impressionists, were not so isolated as was for so long supposed.

The relevance to Seurat of closer contemporary Symbolist influence is made clear by works by Millet, Puvis de Chavannes and Liermitte. The inclusion of works in the neo-classical tradition from Poussin and Ingres through to Flaxman, Bouguereau and Seurat's old teacher, Lehmann, make the point emphatically that, while he may have been ostensibly a painter of modern life, Seurat was also working within a wider and continuing tradition.

There are only so many ways to paint a scene upon a riverbank, with its simple horizontal and depended diagonal, but what rich variety those limitations supply. Poussin's Moses is brought out of the rushes to the women at the water's edge; Seurat's boys sit quietly on the grassy bank; each has its ferry slipping gently across the water with its load of passengers, each its bridge in the further background - it is all one.

Seurat and the Bathers: The National Gallery, Trafalgar Square WC2, until September 28; sponsored by Pearson.

Radio/Martin Hoyle

Noodles and analysis

It was the week of the dragon: the three and a half kilometre-long dragon made of lights that herded a new era for Hong Kong. Radio 5 Live gave proper weight to the ceremonies, which is more than the new rulers did. In the run-up to the handover, BBC radio went to town, no marks for guessing which one. Even Derek Cooper's *Necessary Pleasures*, devoted to cabbage dwellers on Chinese leaves. Sunday's *The World This Week* had Lord Howe's inguinous reasonableness evoking the handling of a precious Ming vase rather than banting on the baton in a relay. The programme reminded us that the ex-colony generates a fifth of the income of mainland China; and, more ominously, of the watchful apprehension of south-east Asian neighbours including busy arms-buying Malaysia.

The whole subject abounds in contradictions, ranging from TWTW's native-born pastor who foresees the rich-poor gap in Hong Kong merely widening to Dr Wu, mildly pro the handover, by British Elizabeth, in investment management and sounding like every smart young woman heard in a City wine bar, disclaiming the colonial past

and looking forward to a rewarding future; and the 19-year-old student, who prophesied little difference between regimes but focused on individual liberty and human rights. So did Sunday's *Mediamatters*. This ever-admirable programme reminded us that China is already renegeing as co-signatory. 13 years ago, to HK's guaranteed press freedom. Radio 3's Sunday Feature, *Changing Flags*, continued with the paradoxes in its search of a genuine HK identity. It never was simply a piece of China grabbed by Britain; the Chinese who worked there shaped and moulded such colonial advantages as the rule of law with their own Chinese names, the latter often adapted into pragmatic modernity.

Saturday's *Late Night Theatre* had originated in Radio Television Hong Kong. *Dragon Island* was a fantasy with a large dose of *Alice in Wonderland* - none the worse for that - about little Jade Jones who falls down a hole in Wales and emerges in HK via a nightworld peopled with anthropomorphic loveable sheep among other things. A dash of *Mervyn Poole*; a hint of John Macdonald's *Bar of Delights*, some immediate and local satire - the governor refuses to wear his ceremonial

plumed hat, has a pet bird he is devoted to - all added up to a lively mixture of like of which one can only hope will be seen again... But we have been here - and left - before. Radio 4's *The Other Hong Kong* recalled Wei Hai Wei which the British in 1930 returned to China, such as it was. Such Confucian colonialism as Lockhart and Johnston (the Peter O'Toole role in Bertolucci's *Last Emperor*) conjured up an oddly Sino-Scottish detente. Not for the first time one wonders what the British Empire would have been without the Celts.

Or what today's Britain will be, come to that. Our Caledonian channeler his first budget without kissing anyone for the table. This extraordinary departure from tradition was noted by *Mediamatters*, which also quoted Paul Johnson's loyal defence of the disgraced Jonathan Aitken and Johnson's diatribe against journalists, addicts of beer and betting-shop, peering anxiously in at the gifted and beautiful like Victorian slum children salvaging in front of a pastrycook's window.

There are certain questions that television critics grow weary of asking, such as: "Why does ITV, the most persistently populist channel, make so few good situation comedies?" "Why in the last 10 years... 20 years... 30 years has nobody in British television been able to write anything which combines comedy and acidity with the success of *Steptoe and Son* or *Till Death Us Do Part*?" "What makes broadcasters imagine that all comedies are improved by canned laughter?" Touch wood, keep your fingers crossed: tonight ITV is screening a programme which may finally make us forget those questions.

The Grimleys is the fourth in an irregular sequence of 60-minute comedy pilots produced by Andy Harries at Granada. The first, *Cold Feet*, written by Mike Bullen, won the top international television light entertainment award, the Golden Rose of Montreux. This was a surprise since the Golden Rose tends to go to the sort of knockabout farce which appeals to the very young and old and easily crosses international boundaries owing to the unimportance of its verbal content. *Cold Feet* has a funny knockabout climax in which the hero stunts naked in the street with a rose stuck up his bum outside the house where his girlfriend is closeted with another man, and serenades her - because that was what she had specified earlier when he swore he would do anything for her. Otherwise it is a relatively sophisticated comedy about modern mores, closer to *Friends* than *Mr Bean*. It may well become a series.

The second pilot, *The Chest*, was a yarn about pirate treasure sought by a nice young bankrupt and a nasty old rogue, which would have been stretched at 30 minutes and was

Television/Christopher Dunkley
Fine comedy in the making

extremely tedious at 60. Heaven preserve us from a series. The third, *King Lear*, was not a comedy but a rather good, tough, tragedy about marriage and the position of men and women in the modern world, yet set in the context of competitive vegetable growing. It is hard to see quite how this one could be turned into a series, though it would certainly have that dangerous undertow which made *Till Death* so compelling. The pick of the bunch, however, is *The Grimleys*.

Set in the mid 1970s on a council-house estate, its hero is Gordon Grimley, a sensitive teenager who, while his contemporaries are concerned only with football, thinks about poetry, university - and his delicious English teacher and neighbour, Geraldine Titley. There is something of Adrian Mole about Gordon who is deeply aware of his lack of experience yet simultaneously confident of his ability to woo and win his goddess. The Grimley household is, indeed, pretty grim. Gordon's father never budges from his armchair in front of the television. Gordon's mother - who is having an affair with a neighbour - occasionally hovers the crumbs off his paunch. Gordon's granny is a crone with a cigarette permanently in her mouth, his sister needs a pregnancy test, and so on. There is a wealth of good acting here from Nigel Planer as Baz, the appalling father, Jan Ravens as mother (who puts on a black nightie and coyly asks Baz

Cardiac Arrest. Better still, the production and direction are painstaking and detailed in a manner that seems to have gone out of fashion to British television comedy. There is no canned laughter. The period feel is achieved with splendid accuracy, not just via flares, tank tops and platform shoes, but by way of voice-over narration, props, and music. Gordon, gazing upon his beloved, melts into a fantasy dance sequence with her, and everything is dead right: clothes, dance style, and Charles Aznavour on the music track singing his 1976 No 1 hit, "She". The music throughout is spot on, and cleverly used.

If Harries can keep the writer, cast, and director (Declan Lowney) together, and expand into a series with budgets big enough to maintain this level of detail and care, ITV could have a real comedy hit on its hands.

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ARTS

Neither of them had any business being a film star. They were too tall, they had mannered or unworldly voices - one a stammering tenor, the other a monotone bass - and neither would win a most handsome contest. But in the early-1940s the one who was already successful inspired the other to take up the trade.

Mitchum tells the story, sitting opposite me in the lounge of a deluxe California hotel at 11.30 am, circa 1980. He is on his second Martini and the lubricated voice has that rich, gonging resonance that made memorable so many Hollywood movies that might have been totally forgettable without him.

"It was 1940 and I was young, barely-working actor, and Jimmy Stewart had got the Academy Award for I don't remember what. And my mother said, 'When a big, tall, skinny drink of water like that can go out and get the highest award in the industry, you ought to be able to do something.' And we were right in the neighbourhood, living in West Hollywood, and as I told Jimmy later, that was it: I honestly never looked back, never stopped working."

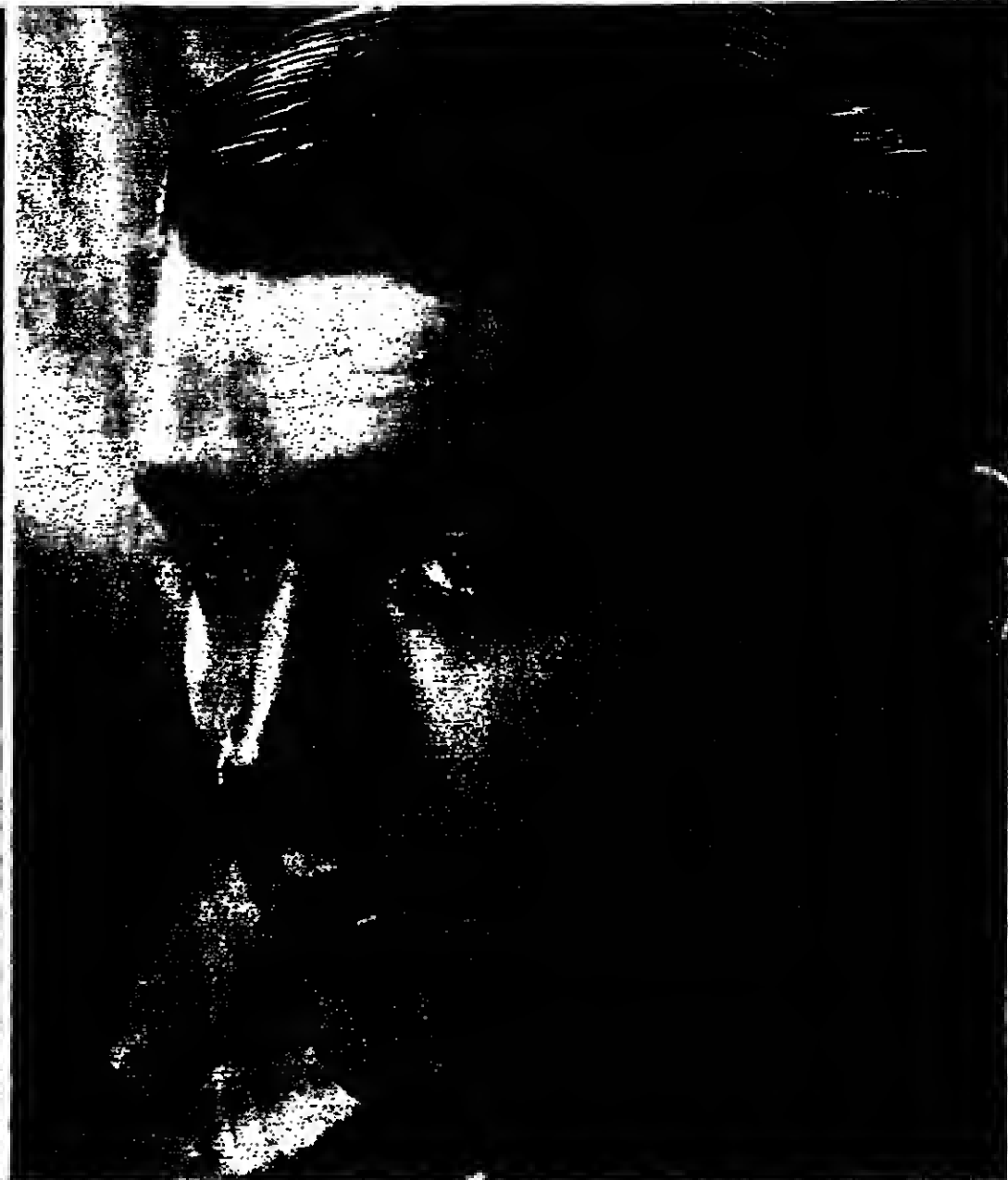
Robert Mitchum and James Stewart both died this week, two screen Colossi who leave the movie world a poorer, smaller place. They only once appeared in a film together and probably wished they hadn't. It was *The Big Sleep*, Michael Winner's 1978 home-counties transposition of Raymond Chandler, a sort of Variety Club outing for celebrity movie veterans. But even here, Stewart and Mitchum demonstrated what great stars are: people who, doing nothing, are more electrifying than those who run around the screen doing everything.

Stewart sat in a wheelchair as a geriatric general and gave forth with that hesitant, hypnotic, purring voice. Mitchum ambled with raised eyebrow and lowered voice through the main role of detective Philip Marlowe; another day, another pay cheque.

The difference between the two meo was as manifest as the resemblances. Stewart was a devout old-school actor who knew his lines, obeyed the director and focused hard on every scene. Mitchum focused hard on nothing (that was not worth focusing on (which may have included this film) and he suffered neither film nor fallible directors gladly.

Where Stewart became an actor by passion and avocation, Mitchum became one by almost reluctant accident. On screen he was a walking monolith with hooded eyes, pigeon chest and ironic, lazily majestic voice. Off-screen he was a wondrous satirist and mimic, giving vent to that scornful wit whose covert presence informs and enlivens his movie performances.

Casting his narrative line and hook, Mitchum the raconteur could reel in for you a tyrannical Otto Preminger, a Marilyn Monroe mouthing nervous mantras



The bad guy and the good guy of mid-century film: Robert Mitchum (above) needed no research to act the playboy, delinquent or vagabond, while James Stewart brought charm, magnetism and a kind of heroism

Farewell to two great movie icons

Nigel Andrews pays tribute to two screen Colossi whose deaths have left the world of cinema a poorer, smaller place

before jumping ill-prepared into the title flood of the *River of No Return* ("She broke her leg, I warned her") and an upper-crust David Lean becoming ever more exasperated as the perfect sunrise eluded him, month after month, on *River's Daughter*.

Mitchum and Stewart were the bad boy and good boy of mid-century cinema. When you watched a great Mitchum movie - *The Night of the Hunter*, where his evil preacher lures two children towards doom, or *Out of the Past*, where he was darker than the film noir shadows, or the first *Cape Fear*, where his psychotic killer throbs with understated menace - you knew he was a truant actor playing a truant role.

He probably hadn't even bothered to complete his homework, his "research", to play a playboy,

delinquent or vagabond. He didn't need to: his life was his homework. What other star's career and self-esteem could have survived unscathed a jail sentence, complete with hard labour on a chain gang, as Mitchum's did in 1947 after a marijuana bust. ("I was set up," he would later mildly observe). The man seemed to have been born straddling the shadow-line between right and wrong, or at least the world's categorising of those things.

Mitchum never visibly stretched himself for a role and never needed to. Every colour and texture was already there - in him - for the misfit characters he favoured. Stretching might only crack the colours and distort the textures.

James Stewart, though, was all stretch - as befitted an actor

whose perennial role was that of the good guy reaching beyond himself. We remember Stewart filibustering himself hoarse in *Mr Smith Goes To Washington*, fighting for a second chance at happiness and grace in *It's A Wonderful Life*, chipping up to end up as a brigadier general, the highest post of any actor in the US military. And though his later politics were regrettable - stark Republican with hints of racism - they went with the self-dependency creed and the sense of a missionary isolationism in the Stewart persona. Even his screen love-life was embattled, neurotic: scan the filmography from his gibbering light-comedy courtship of Katharine Hepburn in *The Philadelphia Story*, via the marital convulsions of *It's A Wonderful Life*, to the anguished obses-

sionalism, going on necrophilia, of *Vertigo*.

Perhaps all this iconic suffering, especially in post-war films, was Stewart's punishment for his trailblazing contrariness as a member of the acting community. He was the first star to make a clean break with the studio contract system and to sign a percentage deal on a film (*Winchester 73* in 1950), thus initiating the entire modern era of power-broking stars and declining studio moguls.

In both Stewart and Mitchum the public and private attributes of a man interacted, as they always have in movie stardom. To be a screen icon it is never enough merely to act. Great movie presences bring themselves to the screen: all the luggage and language and genetic programming of their personalities. And

the greatest movie stars of all can make that single self-cell-divide, to create a dozen offspring variations.

Which is surely why Stewart edges past Mitchum in any final superlatum reckoning. Mitchum just brought the luggage and made himself at home on screen. We were comfortable with that vast, engaging, immutable "Mitchumness", even when he played characters with whom we shouldn't have been comfortable.

Stewart too was always Stewart. But "Stewartness" was a larger, more volatile, more compelling place: one where like cinema itself, at least in our digital age, the same image could morph into a dozen different, captivating shapes without ever quite betraying its perfect, primal essence.

The people who compare Opera Theatre of Saint Louis with Glyndebourne are not flouting the climate. The temperature in Missouri last month lingered in the 90s and, when the weather finally did break, it did so with a force that was hardly very English. You do not get many tornado warnings over the Sussex Downs.

By that point this year's opera season in Saint Louis had reached its climactic final week - all four productions on the go, the critics and opera-company managers out in force, and the festival's valued donors gamely pressing on with dinner in the company tent while the rain ran in rivers underfoot.

After the opera, audience and performers congregate back in the tent on the campus of Webster University. There are no black ties here, for the atmosphere is egalitarian. Saint Louis may be a prosperous city but flaunting one's wealth has never been part of the local culture.

As Charles MacKay, OTSL's general director, says, "This is the mid-west and a degree of modesty is traditional here. There are people who have inherited a lot of old money, but they drive around in rusty old cars and keep their jewels in the safe". For the opera company that is an attitude that has to be respected in fundraising. This year the National Endowment for the Arts cut OTSL's grant from \$150,000 to a miserly \$61,000, so raising money from its individual patrons will

become even more important. Despite the cutbacks the 1997 season has made only one visible concession to economy: there was one revival out of the four (a heavily-sold run of *Madam Butterfly*) instead of four all new productions. The statutory modern work was still in place, even if Conrad Susa's *Transformations*, written in 1973, was not actually a premiere. "Too discordant", complained one local voice in the foyer afterwards (rather unfairly, I thought, as Susa's score is not so far from the modern musical) but MacKay is adamant the policy will not change.

OTSL's modest, 900-seat theatre is not in a position to offer Pavarotti spectacles or Wagnerian epics, so it needs a regular supply of novelties to draw in opera-goers from further afield - and the press. Young singers, who take most of the roles in Saint Louis, want to know they will get noticed. In all respects Susa's *Transformations* seemed to me an excellent choice. It is small-scale (only eight in the instrumental ensemble) and

calls for a cast in which everybody gets one good role, if not two or three. The libretto takes a selection of Brothers Grimm fairy-tales, but holds them up to the mirror of 20th-century psychology. So the Witch in *Hansel and Gretel* is the children's cannibalistic mother and Sleeping Beauty is awoken by her incestuous father. Stephen Sondheim hit upon the same sort of idea for his musical *Into the Woods*, but poet Anne Sexton and Conrad Susa got there first.

In this version the music and the drama are expertly balanced, making *Transformations* as fascinating as any opera of the last two decades. There are so many layers of sub-conscious being explored here that watching the opera is like peeling an onion with one's eyes watering as each successive layer of abuse and pain is revealed. Sheri Greenawald was mesmerising as the chain-smoking, neurotic-ridden Sexton, whose texts for the opera are so fertile with complex imagery. Among the multiple roles, tenors

Richard Drews and Michael Galanter made their mark and baritone Michael Hayes sang strongly. John DeMain conducted an expert chamber ensemble, drawn from the ranks of the Saint Louis Symphony Orchestra. There is a lot of Weill in this score - especially the undercurrent of sleaze that nags away in the *Seven Deadly Sins* - but also some patches of beauty, quite ravishing in the lesbian love-scene that opens the second act. The only drawback was Keith Warner's irritating production, which added further twists



Gregory Tursy's bright, young Orpheus with Anthony Rolfe Johnson

and turns to an already complicated maze of sub-texts. He had the characters gesticulating and grimacing so wildly that everybody on stage looked ready for the psychiatrist's chair.

There is not much in the way of theatrical scope on the Loretto-Hilton Center's shallow stage and the producer who sets his sights low may be the most successful. Collin Graham, OTSL's artistic director, put on a simple and effective production of Monteverdi's *Orfeo*, set around a large tree where renaissance youth gambolled and frolicked. The tale of Orpheus's journey to Hades was told with a minimum of artifice.

According to the programme, the version used was an edition by John Eliot Gardiner, though I suspect he might now disown the rich orchestral carpet that underlays this performance. There were some good individual performances, including Theresa Santiago's bright-voiced Music, Julia Anne Wolf's dignified Messenger and two well-sung shepherds from Paul Kirby and David Blackburn.

But the singer who brought the opera alive was the bright young Orpheus of Gregory Tursy, who looked about 17, but sang with the assurance of an artist twice his age: an impressive find. When Anthony Rolfe Johnson, here moonlighting as conductor, ascended to the stage as Apollo to sing in duet with him, one sensed a torch being handed over across the generations.

I missed the new production of *Costi fan tutte*, but the revival of *Madam Butterfly* made a modest makeweight. The crucial factor with this opera is to have a soprano who can sing the title-role, and OTSL did: Marie-Pierre was fearless, letting rip the top notes of Butterfly's final solo as if she was quite unbothered at having been on stage singing for the past two-and-a-half hours. David Corman as Pinkerton has a lovely tenor tone, which needs to be nurtured carefully; Gerald Dolter was the effective Sharpless and Marcus DeLoach's promising haritone made Yamadori more than a hit-parade.

With a half-sized St. Louis Symphony Orchestra under Stephen Lord squeezed in the tiny pit, this may have been a small *Madam Butterfly*, but its young cast's potential was big. That is what Opera Theatre of Saint Louis is all about.

Modesty rules OK in the mid-west

Despite cutbacks, Richard Fairman finds the Opera Theatre of St Louis in excellent shape

We are already disconcerted by patients being wheeled past as we wait to be guided through the corridors of the Royal London Hospital for Neil Bartlett's *The Seven Sacraments of Nicolas Poussin*. On taking our seats in the lecture theatre, we all flip up the hinged desk surfaces, as if to suggest that we are here to study the piece rather than to watch it. Bartlett enters in doctor's white coat, strides to a lectern, clips a microphone to his lapel and begins.

It commences as an art lecture on Poussin's identically-sized canvases (now on display in the National Gallery of Scotland) representing baptism, confirmation, marriage, penance, ordination,

holy Eucharist and extreme unction - albeit one into which medical remarks are surreally interpolated. Then Bartlett moves to each particular canvas: details are projected overhead, Bartlett himself dons his coat, shirt and trousers in favour of a patient's surgical smock and takes up the pose of a particular figure, whilst Robin Whitmore chalks series of seemingly random lines which eventually resolve themselves into beautifully articulated hands.

Theatre/Ian Shuttleworth Poussin in hospital drama

Bartlett's argument is that, however little we may know of the liturgical ceremonies commemorated by these paintings, we have experienced such events ourselves in one form or another. He mixes descriptions of the paintings with extracts from the 1682 Book of Common Prayer, the sermons of John Donne, passages of real or pretended personal recollection and fantastical contemplation. A wedding ring triggers a venomously queer exchange, of which

Bartlett recites both sides; consideration of the Magdalene washing Christ's feet shifts into a powerful string of pleas to be absolved, humiliated and then forgiven.

Bartlett invokes all these disparate materials in order to evoke an individual response in each person watching. Although the presentation is both verbally and visually complex, it creates a masterly illusion of simplicity: the opening of a side door to admit another source of light becomes a theatrical coup.

We cannot but make our own associations at each stage of Bartlett's presentation, whether triggered by major disquisitions or throwaway phrase. The most powerful dialogue is the unspoken one between the performers and each of us, a dialogue of separate but common experience.

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Tennis

Heroes who say 'I Love Lucy'

John Barrett goes in search of the source of Henman and Rusedski's success

If Lucy Connor had not been a ball girl at the pre-Wimbledon tournament in 1993, where Greg Rusedski first met her, the Canadian-born left-hander might never have become her boyfriend and taken up residence in Britain, heeding the advice of his Dewsbury-born mother that there is no county like Yorkshire and no country like England.

If Tim Henman had never met surgeon's daughter, Lucy Hask, his girlfriend, the Oxford-born British No.1 might not have acquired the poise and maturity that has helped him to stay cool in the emotional cauldron of Wimbledon's Centre Court this past fortnight.

The timing has been perfect. Coming on top of England's great start in the Test series against Australia and the two wins of the British Lions in South Africa, the outbreaks of Henman and Rusedski have been understandably contagious.

If those who had queued all night to claim Centre Court places last Sunday on People's Day were a little over the top when Henman played the Dutchman, Paul Haarhuis, let us remember that Britain has been

waiting more than 60 years for tennis success on this scale.

Not since the heady exploits of Fred Perry and "Bunny" Austin in the 1930s has the nation experienced such exceptional performances. When Bobby Wilson and Michael Sangster were successive victims of the jack-in-the-box American Chuck McKinley in the 1961 quarter-finals and semi-finals there was a feeling of inevitability about their results.

After all, the Americans had already produced eight post-war Wimbledon champions at that stage. Kramer and Falkenberg, Schroeder and Petty, Savitt and Seixas, Trabert and Olmedo were winning titles all over the world.

The British were still suffering from an inferiority complex. All Americans seemed to be rich, confident and successful. It is a sobering thought for Britain, a once-great tennis nation, that

world No.1 Pete Sampras was the only American to win Wimbledon in this year.

What, then, apart from the Lucy factor, have been responsible for the rapid improvement in the fortunes of Henman and Rusedski? Competition, ambition and sound advice are the principal reasons.

When Rusedski made his decision to play Britain at the end of May 1996 he was ranked 27 in the world. Henman's 27. At Wimbledon that year, Rusedski excited a nation with his raw power, his explosive serve. Exulting in his new alliance, he wore permanent smiles and a union flag headband as he won his first three French Open titles in the first round where he lost with honour to the defending champion Sampras. As would later admit, his exuberance was rather overdone.

Meanwhile Henman, having already been Sampras's second round victim, was disqualified for accidentally injuring a ballgirl when he fired a ball in anger during a first round doubles

Rusedski had been perfect as national hero. Then, against Henman, he fluffed his lines

match with Jeremy Bates. A key moment in the growing rivalry between the two Britons came at the National Championships in November 1995. Rusedski's magnetic presence at Telford transformed a mundane

event into one of international interest. The Canadian newspapers, still smarting from Rusedski's decision to desert the land of his birth, were trying to stir things up. To his credit, Rusedski refused to be provoked.

Until the final, Rusedski had been word-perfect in his role as new national hero. Then, against Henman, he fluffed his lines. Leading by a set and a break he seemed on course for a routine win but he choked on his lead and lost. That had not been in the script.

The unexpected win spurred Henman to greater effort. A successful whirlwind tour of east Asia helped him to lift his ranking inside the top 100 for the first time. At Wimbledon last year, guided full-time now by former LTA coach David Felgate, he swept to the quarter-finals on a tide of national hysteria. The two

aces that had saved match points in his first round battle against fifth seeded Yevgeny Kafelnikov, became symbols of national pride. The silver medal he earned with Neil Broad at the Atlanta Olympics added to the legend.

Rusedski, meanwhile, had lost in the second round at Wimbledon to the New Zealander Brett Steven. As Henman's rank rose to 37 Rusedski's slipped to 72.

A second defeat by Henman in the Nationals final at Telford late last year persuaded Rusedski that he should spend December in California at the home of his American coach Brian Teacher to work on his returns of serve and passing shots.

It was exactly what he needed. Having reached the final in Zagreb last February, Rusedski beat Agassi and Chang to reach the San Jose final where he took the first set from Sampras before

a wrist injury forced him to retire. Two weeks before Wimbledon he went to the semis at Queen's Club and played a magnificent match against Ivanisevic that, with a victory at Nottingham, fully restored his confidence and improved his ranking to 27. It was the perfect launching pad for a serious challenge at Wimbledon.

Henman's year had also been interrupted by injury. A career-first tournament success in Sydney last January lowered his ranking to 14 but an operation on March 25 to remove small pieces of bone from his right elbow meant his return coincided with the European clay court season where he has never starred. Not until he was back on grass at Queen's Club was there any likelihood that his confidence would be restored.

With so little preparation, his Wimbledon successes have been a remarkable endorsement of John McEnroe's opinion that Henman is the best British player he has ever seen. Supermac may soon want to bracket Rusedski alongside him.

Clearly both Lucys can be proud of their men. Long may the rivalry continue.

Sporting profile

Comic genius of football finally plays a suitably romantic role

Peter Aspden finds Michel Platini comfortable in his new position of World Cup guru determined to bring idealism to a monstrous happening

Of all the world's great post-war footballers, Michel Platini was the one who least looked the part. There was the flop of unkempt hair; the mischievous grin; the periodic pulling down of his shirt, as far as fabric would allow, like a schoolgirl in her first mini-skirt trying to persuade her parents to let her out for the night.

Add a colourful range of petulant Gallic shrugs, raised eyebrows and fulsome gestures and you had a character better suited to the comic stage than the competitive confines of the football pitch. But there was magic in Platini's feet; only Pelé, Cruyff and Maradona in the modern age could match his technical mastery and breadth of vision. Like them, he remains a global figure after retirement.

On a recent trip to South America with Jacques Chirac, the French president joked that all the attention paid to Platini had given him a rare chance to enjoy "un petit moment tranquille". He might have reflected on how unfair it all was: it was Chirac who was being awarded Bolivia's highest honour for his help in staging some World Cup qualifying games in La Paz; it was Platini who attracted the crowds and reporters.

It was only natural for the French to exploit Platini's knowledge and charisma to help organise next year's World Cup. In contrast to the sartorial idiosyncrasies of his playing days, he cuts a raffish figure as co-president of the tournament's organising committee: baggy suit (of which more later), loosened collar, cigarette in hand.

He spends much of his time in negotiation - tiresome contracts dealing with marketing and television rights - but the mischievous grin still makes the odd appearance, particularly when we talk about the dearth of creative midfielders.

He is comfortable in his new role, confident that he knows what World Cups are all about ("I played in three, so I know what happens in a player's mind") but also determined to bring some idealism to an event that is inevitably becoming more monstrous in its scope; the billions of television viewers are an impressive bait for sponsors and advertisers.

"Unlike in the US in 1994, where the event was

concentrated in the stadiums, we want to create a festive spirit in the towns and regions hosting the matches, to include even those who do not like football. All the visitors and journalists who come will be judging France - our transport, our roads, our welcome and the French themselves." Platini fervently wants next year's visitors to "voir, bouffer, rigoler", drink, eat and be merry.

But he knows more than anyone that World Cups are not ultimately judged on trains running on time and jollity of spirit. The one thing Platini cannot control is the quality of football on display. He must be plagued by memories of the Italian World Cup in 1990, when there were festivities

'Football is so extremely popular because there are no truths'

aplenty, but an acute shortage of goals and a truly horrible final match between Argentina and West Germany.

It was in the wake of that tournament that Platini made his now-famous proposal to ban tackling as a way of changing the game. It is still the rule change he would most like to see implemented by the game's authorities. "It would be a way of completely changing football."

"Before it was only defenders who used to tackle, now it is everyone, all around the pitch. A tackle means a player is late for the ball, is not good enough to get to the ball first." He smiles and breaks into English: "But I know it is not possible because the tackle is English."

It is an unashamedly draconian solution to what some see as a crisis in world football. But Platini tries to remain optimistic; there were many excellent games in the US World Cup which were overshadowed by a disappointing final, and he was happy with the quality of football in the recent Tournoi de France. "There was a fabulous match

between Italy and Brazil, which resounded round the world, and some good play in the other games."

He shrugs in the knowledge that he only has limited control over how people will judge next year's tournament: "What remains in people's memories are goals and the emotions players bring to the pitch with them. No one will remember how it has been organised."

Platini underplays the prospects of the host nation, as if to protect its play from the unnecessary pressure. "France are the best team in the world right now but they are good challengers." He cites the extravagant tale of such creative midfielders as Youri Djorkaeff and Zinedine Zidane. "Pré have found it hard to score goals."

"It is difficult, and not always the fault of attackers, who need good supply of passes. It is from the man who counts 50-metre passes or a colleague's boots."

"France have to play a collective game and it is important that they remain fresh, because they have the physically strongest team."

This sounds like Michelangelo, the virtues of those who built the scaffolding to the roof of the Sistine Chapel. The sub-text is heavy: there is no new Platini to take the French to glory next year.

I ask him the memories of his own World Cup campaign, particularly those of 1982 and 1986, were tinged with sadness; France were ruled out in the semi-finals by West Germany on both occasions, despite playing the most delightful football of the competition. "Not sad, because we gave everything, we did everything possible to not come down to the role of the ball, a couple of passing decisions. In the match, if the referee had given the penalty for Schuster's foul on piston, and sent him off, could have been in the final."

In 1986, we went to Mexico to win the World Cup because I believe we were the best team in the world, but it happened again." He is remarkably free of bitterness when he reminds me that it was the only medal lacking in his career.

But the European Championship between those two campaigns in 1984, held in France, was

surely the highlight of that career? Platini scored nine goals in five games, including two hat-tricks, as France won the major honour which the quality of their football demanded. His response remains determinedly philosophical: "I would say that my whole career was a highlight. What gives me the greatest satisfaction is to look back

over 10 years, the wins, the losses, the moments of hope and sadness. It was always my dream and my pleasure to play football, and for people to enjoy it. When I started playing, I didn't even know that you could be a professional."

"Football is so extremely popular because there are no truths. The best team in the world can lose to a

lesser team. There are no regrets." This is all said with exemplary equanimity; but the second World Cup defeat to West Germany in particular must have taken its toll.

Platini retired just a year later, too early for his admirers, but as he explains: "I ran out of petrol and had no pump to fill up again". Already, just 10 years

after his retirement, he seems like a throwback, mercifully free of the usual superstar affectations. He has kept the Ferrari given to him by Juventus (he was hand-picked for the team by Giovanni Agnelli) in a garage in Nancy, but it has been left there for 10 years, and he expresses only the vaguest of intentions "to do something about it".

Earlier, he was asked by a men's magazine where he bought his clothes, and replied dismissively that his wife bought them. But as he stands up to leave, he cannot help peeking at the label of his very fashionable suit. "Hugo Boss," he exclaims with a mix of surprise and satisfaction. Football's great romantic finally looks the part.



ferguson

How to Spend It

Fashion

Out with the old – and in with the antique

Minimalism was an easy target for commercial copiers, says Karen Wheeler. So designers have rediscovered intricate decoration

Everything old has come into its own again. The style mantra dictates that fashionable women sport antique-looking floral dresses, intricately beaded bags or elaborately embroidered pieces that look for all the world like the glittering prizes from a vintage clothing store. But the truth is that though much of this season's most fashionable clothing looks old, it is in fact completely new.

So-called "simple chic" clothes which were as plain as a piece of brown paper have been replaced by their polar opposite: styles which are decorative rather than functional and designed to make a woman feel unique.

Several established labels such as Dolce & Gabbana (lavishly embroidered opera coats and beaded evening bows), Blumarine (pretty floral dresses) and Alberta Ferretti (little crochet cardigans and wispy lingerie-like evening wear) have latched on to the popularity of the vintage-look in recent seasons. Even Gianni Versace – it is not normally his sort of thing – has gone slightly vintage, with a willowy green empire line dress with ivory embroidery creeping up from the hemline.

It is well-known that top designers scour flea markets in search of inspiration. But in the last year or so they have visited with increasing vigour, making special trips to London – or sending unrecognised assistants – to scour vintage clothing stores such as Virginia's in Holland Park and Steinberg and Tolken in the Kings Road.

In many cases, they snap up styles that catch the eye, unpick them in their design studio and then replicate them on the catwalk. The result is some of the pretti-

est pieces we have seen in ages: designer clothes featuring antiquated rose prints, brocades, beading and embroidery – clothes that look like vintage one-offs – although with nothing remotely thrift-shop about the price tags.

You could say it is a price worth paying. After all, intricate embroidery, gossamer lace, hand-painted silk chiffon, do not come cheap and although real vintage clothing is still highly prized, how

The style mantra dictates that fashionable women sport antique-looking floral dresses

many of us have the time or patience to rummage through piles of second-hand clothing in search of that perfect chiffon tea dress?

While industry insiders talk of the thrill of uncovering an antique Yves Saint Laurent smoking jacket or original 1950s Dior dress, most of us cannot help but feel that somebody else will have got there before us. Much easier then, to carry away faux vintage in a glossy bag, in pristine condition and in your correct size.

Women like the feeling that something is unique to them but few actually want to wear second hand clothes, says Josephine Turner, co-owner of A La Mode in Knightsbridge. "Moreover, you have got to be an expert in putting clothes together if you are going to rummage in

a thrift store and come out with something worthwhile at the end of it."

Turner hopes soon to take delivery of the new autumn/winter collection from Elspeth Gibson. It might seem ludicrously early to be stocking an autumn collection but the fact is that stores, Harrods included, cannot get their hands on this particular collection quickly enough. Gibson's vintage-look dresses and camisoles, beaded net skirts and lace shirts epitomise the mood of the coming season and top the wish-list of glossy magazine folk who want a more individualistic approach to dressing.

Accordingly, almost overnight, Gibson has replaced Prada as the most highly prized label of those in the know. The fact that few people outside the industry have heard of the label only adds to the allure.

"People want to wear something interesting and decorative but not over the top," says Gibson, who worked for high street label Monix before launching her own collection, and attracting attention with full-length velvet opera coats and one-off special pieces and commissions for weddings. "The look is antique – very rich and luxurious with a new couture feel to it. It looks antique but it is a modern approach with fine detail."

Gibson, whose sheer, hand-beaded silk chiffon skirts start at £300-£400, claims not to like loud things. "But I do like things beautifully worked, which look as though they have had care taken over them."

Two other new names to note are Australian designer Colette Dinanigan, and Cathryn Avison. Avison makes romantic silk evening shifts with subtle leaf and flower

patterns. Dinanigan (stocked at Liberty) specialises in an antique lingerie look – lacey embroidered dresses in black, dusky pink or pistachio green with slips to go underneath and little lace cardigans to layer on top. These pieces are not cheap (£320 for a little lace cardigan) but likely to remain in

your wardrobe for a very long time.

If you are wondering how to wear antique-looking clothes in a modern way, the answer is that a few well-chosen pieces will go a long way. "It's nice to wear interesting pieces with plain things," says Gibson. "For example, a lace skirt works

with flat shoes and a simple t-shirt for day, silk cami-les and little cardigan for evening."

"Nately embroidered or beaded pieces can also be used to update plain items already in your wardrobe. And don't be afraid to layer different colours and textures: a black lace cardigan

over a dusty pink setin dress, for example.

Another favourite shopping haunt for the faux vintage-seeker is Voyage, in Fulham Road, London SW3, which has been doing sophisticated Bohemian clothing for at least four years: spriggy little dresses and crumpled-looking layers

in pretty colours. However, be warned: it is ludicrously expensive (a cardigan trimmed with velvet or tiny rose-buds costs £395), the reception from the Italian proprietors is likely to be frosty and the atmosphere unpleasant.

Continued on page 11



Formal and casual wear

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How to Spend It

It comes as a boon and a blessing to men

Lucia van der Post finds males being pampered in SW1

In these buoyant days, when the prosperous customer is spoiled for choice, what does the sophisticated store do to make itself seem more desirable than its neighbour?

It could try making its merchandise so outstanding, so hotly in demand, that no matter how uncomfortable, how disagreeable the service, how outrageous the prices, the punters would still keep coming. A few stores, and a not inconsiderable number of restaurants, choose this route - Voyage in London's Fulham Road is the current exemplar of the model. This is not only difficult to achieve but when the inevitable happens and what was once hot becomes yesterday's cold dish, the fall from grace is correspondingly extreme.

Alternatively, it could try offering better prices. Though there is always a market for the true bargain, there is a lot of evidence that at the top end of the market lower prices are, if not off-putting, certainly nothing like as big a draw as most of us might imagine. Perceived "value for money" is what it's all about and most of that "value" often includes being the most exclusive in the market-place.

The third strategy, and one which astonishingly few stores seem to have embraced, is service, service, service.

It is still possible to go into some of London's top stores and be treated with considerable disdain, to be made to feel awkward because one isn't model size or less than desirable because one has topped in wearing weekend jeans.

All of which brings me to Alfred Dunhill which has magnificently revamped its Jermyn Street store. To celebrate the re-opening it has decided that what 1990s man needs is a bit more pampering, a touch of the Jeeves, some old-style valet-ing. Its theory that women have been pampered for so long may be a little awry but, never mind, for any man who finds himself near the Jermyn Street store the new services seem like a boon.

To begin with the services that seem to me the most imaginative: picture yourself going out to a grandish do and you ruin your tie at lunch - you can borrow one, free of charge, from the store. You also realise that you are looking ever so slightly crumpled - worry not, jackets or trousers can be steamed while you wait. And as you wait you can have (free) tea or coffee and read the newspapers.

Alternatively (Alfred Dunhill is targeting what it calls "high achieving men") you can make sure no precious minutes are wasted and send faxes, keep track of your shares or, (presumably for the less "high achieving"

man) watch the nail-biting moments at Wimbledon. Any watches, cufflinks, or tie-bars can be buffed up and any Dunhill clothing altered free of charge.

Suppose you are going on holiday, you are rushed off your feet and you need a light raincoat/linen trousers/summer blazer/extra shirts - telephone the customer services department and ask for the personalised shopping service and all or any can be delivered free of charge within Central London.

This service obviously works best if you have

already established a relationship with a salesman who knows your size and understands your tastes.

Finally, it grieves me to say it, but cigar-smoking is once again in fashion and those who have taken to this trendy habit can head for the humidor room where they can buy, smoke and sip whisky or cognac for as long as they can devise reasons for keeping out of the office - this is, it seems, particularly popular with Americans for whom the chance to smoke boycotted Cuban cigars is irresistible. Alfred Dunhill isn't so

naive as to expect us to believe that all these services are simply an altruistic move to spread sweetness and light but nevertheless imaginative business initiatives and customers' needs have a natural synergy - while Alfred Dunhill naturally hopes its new store and the allied services will help it to sell more of its wares, for the customer there is no doubt that the buying thereof ought to be infinitely more enjoyable.

Alfred Dunhill, 48 Jermyn Street, London SW1. Customer Services: 0171 290 8800.



From page 10

For the model and fashion cognoscenti who patronise it, however, it is the ultimate in inverted snobbery: ultra-expensive clothes of no discernible origin which look as though they could have been picked up in Oxfam.

The pioneer of the vintage clothing look, however, is Marc Jacobs - the American designer and much-lauded pioneer of "grunge" - who was among the first to turn the fashion for vintage clothing on its head. As Josephine Turner points out: "If you hold his clothes in your hand you will see that they are exquisitely made out of couture fabrics. But on the catwalk they are put together in such a way that they look second-hand."

Vintage is the look for autumn and beyond - not least because the fashion industry realises that it scored an own goal with minimalism. Yes, we loved pared-down clothing (and by day still do) but it was easy for the mass market to copy. The luxurious detail and beautiful fabrics pivotal to the vintage look, however, are much more difficult for the high street to pull off convincingly - if at all.

Items like Dries Van Noten's transparent cream silk jacket, encrusted with silver and ivory flowers, £469 from Liberty, or Maria Grazia Chiuri's sheer, apricot bias-cut dress, £389, and hand-painted fluted hem jacket in apricot, £585, reflect the quest for individuality in a world which until recently has been dominated

by regulation Gucci or Prada.

It was not surprising that models such as Helena Christensen and Kate Moss began asserting their individuality by nonchalantly flinging old beaded cardigans over their expensive John Galiano dresses.

To complete the look you should also seek out faux antique accessories - dangly ear-rings and antique-looking necklaces from Erickson Beamon, beaded bags from Samantha Heakia or Dolk & Gabbana. Look out, too, for exotic plumes to clip in your hair, £3 from Johnny Loves Rosie - soon to replace the fake roses currently popular.

So if the foreseeable future if people assume your dress is from a thrift shop, you should take it as a compliment.

Opposite page from left: Net ball dress, £456, by MacLure, 32 Sloane Street, London SW1, tel 0171-235 7941. Peach chiffon dress with embroidered flowers, £350, and pink silk V-neck cardigan, £145, by DKNY from Contemporary Collections at Harrods, Knightsbridge, London SW1, tel 0171-730 1234. Long red/black rose print dress with spaghetti straps, £40, by Dorothy Perkins, tel 0171-291 2604. Black lacy silk daisy cardigan by Colette Dinnigan, £235, from Liberty, Regent Street, London W1, tel 0171-734 1234. This page from left: Black sleeveless colweb lace dress, £445 by Alberta Ferretti, 205-206 Sloane Street, London SW1, tel 0171-235 2343. Long leaf print chiffon skirt, £195, and jacket, £370, by Dolce & Gabbana, 175 Sloane Street, London SW1, tel 0171-235 0335. Pink dress, £482, by Alberta Ferretti, as above.

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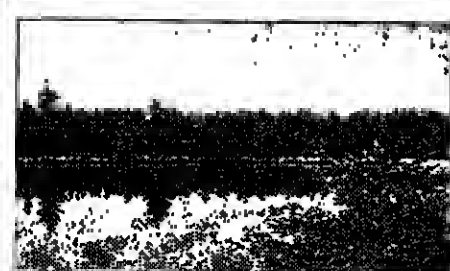
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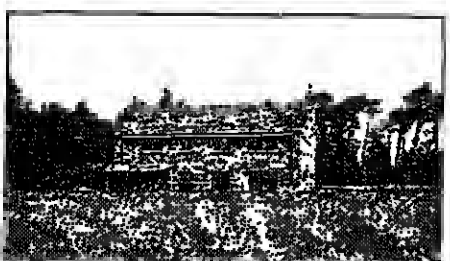
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On the Move

Parking spaces drive inflation

Anne Spackman looks at the prices buyers are prepared to pay to park their car

Inflation in house prices is now running at around 30 per cent a year in London, but what about inflation in parking spaces?

In prime west London areas such as Kensington and Chelsea, the acute shortage of property for sale is only matched by the acute shortage of places to park. This led to a record £100,000 being paid for a garage - admittedly a double garage - in Shafto Mews in Knightsbridge.

Developers have responded to this demand by building underground parking into their schemes wherever possible and making buyers pay for it: the scheme commands a premium because it has parking, but the parking space itself is sold as an optional extra.

In most Docklands schemes buyers expect parking as a standard part of the new homes package, so developers can rarely afford to charge for it. In the City, at developments such as Spencer Heights, parking spaces cost an extra £10,000. But in Kensington and Chelsea the market rate now appears to be around £35,000.

The Singaporean group, LCR, is asking £35,000 for parking spaces at its development in Stanhope Gardens. Last week the developers who pioneered this practice, Northacre, put a £35,000 price tag on the spaces beneath its latest project - the Brompton Hospital site on the Fulham Road in Chelsea.

Northacre has established a reputation for mixing the best features of ancient and modern buildings. That means, among other things, providing secure underground parking beneath a

listed historic building. At Northacre's first big conversion project, Observatory Gardens in Kensington, the parking spaces cost more to create, in square footage terms, than the flats themselves. They were priced at £30,000 each. At its current project nearby - a row of 23 family houses in Earl's Terrace - the price has leapt to £40,000 - a rise of 30 per cent in two years.

Northacre has already sold two-thirds of the flats in the Bromptons. Every purchaser has bought a parking space so far, and, in contrast to many new developments, most of the buyers have been British owner-occupiers, rather than overseas investors.

Now, it is releasing the main block of 32 apartments in the original hospital building. It is a fine example of red-brick Victorian Gothic in a very good location. The "H" shape of the block lends itself particularly well to conversion, avoiding the usual problems of darkness at the centre of the building.

Prices for the main block go from £450,000 for the smallest one-bedroom flat to £3.7m - nearly £1,000 a square foot - for a five-bedroom duplex. Agents for the Bromptons are Savills.

North and south

One of the most striking examples of the current north/south divide in the property market is the number of houses which estate agents currently have for sale. In south-east England the average number is 39; in the north it is more than four times as high at 170, according to the latest monthly report from the Royal Institution of Chartered Surveyors.

The number of agents reporting price rises in the Northern region - which covers Cumbria, Northumberland, Durham and Cleveland - is 46 per cent compared with a national figure of 60 per cent and 89 per cent in the south east. But all these figures are significant improvements on last year, showing that the recovery is now under way.

One reason for the shortage of property for sale in many areas is the high percentage of buyers with no home to sell. Black Horse Agencies puts the figure nationally at 83 per cent. This includes first-time buyers, tenants re-entering the market and people buying second homes.

The latest Black Horse market report says there are currently 30 per cent fewer homes for sale than at this time last year and that as a result, one in five homes now sells in less than a week.

Governor's house

Hong Kong's future has been decided, but what future awaits the former Governor's house on Hong Kong island? One of the last symbols of colonial rule, Government House is an isolated white villa in a sea of high-rise development. Knight Frank believes it could be worth as much as £30m because of its historic importance.

But history in Hong Kong may be unable to compete in pounds per square foot with redevelopment - in May, a developer paid £135m for a house on the Peak, which is to be knocked down and replaced with apartment blocks. If so, Knight Frank's figure could be a serious underestimate.

Hampton Court flower show is open to the general public on Thursday, Friday, Saturday and Sunday, 10-13 July. If you can stand the crowds and the traffic jams, it provides an opportunity to buy late additions to gardens which have been wonderfully softened up by the heavy rains. The show is like a glorified trade fair to which the public is prepared to pay an admission fee. Not all the trade is closely related to what I call gardening, but there are always plants which are irresistible.

As I can go before you, I am happy to reveal that my main candidates for irresistibility are members of the Diascia family which can still be tucked into the fronts of flowerbeds or pots where their range of colours is such a delight.

Last year, I bought a superb one called Coral Belle and thought it looked so hardy that I left it to the mercy of the winter. It was the only one of my various forms which promptly died and I have yet to find a replacement. Its colour is a luminous coral-red and it is quite extraordinarily beautiful. The many apricot forms are almost as good and they survived intact. Any plant can be multiplied from cuttings and kept safely through the winter.

If you are worried about cuttings, the best-known apricot, Blackthorn Apricot, will split into several smaller plants which can be potted up when you dig them from the ground. It is another splendid variety and seems to illustrate the rule that the closer the diascias and similar near-hardy plants grow to the ground, the better they survive a cold winter. The tall ones are almost certain to be killed by mid-November.

In the early days of Hampton Court show, I made some mistakes, never more so than in the family of malvaceae. I was tempted by a strong rose-pink variety of Lavatera called Bredon Springs which looked manageable and rather charming in a modest pot. It grew into a fearful monster and it took me half a day to hack out at the end of last season.

At a lower level, I was beguiled a year later by a ground-bugging little pot-



That old favourite: the red King George V penstemon

Photograph: Garden Picture Library

Gardening

Giving in to irresistibility

Robin Lane Fox finds diascias and penstemons at the Hampton Court show to fill in some gaps

plant with enchanting blue flowers, *Pratia pedunculata* County Park. I will never be beguiled again. It ran everywhere but never so thickly that it excluded weeds from its middle. I am still digging it out of the prominent place the plants occupied.

I have been more fortunate with perennial finds at border level. Campanulids are usually as good as they look and now that it has been on general release for three years, I must recommend the rich deep violet-purple *Kent Belle* which will be much in evidence on the stands.

During its first season it will scramble up to two and a half feet and flower quite conspicuously. From the sec-

ond year onwards it comes into its own, up to the promised four feet and with a long-lasting season if you dead-head it. It is an outstanding plant which we owe to one of our outstanding nurseries, Washfield Nursery near Hawkhurst, Kent, on the itinerary of all keen gardeners since it no longer sends plants by post.

For those who need more filling in the flowerbeds from August onwards, I recommend the many penstemons which are on sale in almost every floral tent. Although all are agreed that they are of uncertain hardiness, I would like to add that mine have survived for three years outdoors without

lethal damage and that several forms are now older than these survivors.

The hardest are in many ways the dullest - *Garnet* and the scarlet *Firebird*, a popular name for a narrow-flowered red which just misses the top class. I will be shopping for brighter reds like *Chester Scarlet* and *Madame Golding* which are not particularly hardy but excellent value under a south wall.

The darkest forms multiply yearly and the two most popular are *Raven* and the very dark *Blackbird* which survived last winter with me in an open flowerbed. They are both excellent, as is one with white flowers tipped

with pink which I bought as *Snow Storm* but which is now believed to be the same as *White Bedder*. Among the pinks, *Hidcote Pink* really does seem to be quite hardy and I never tire of the old favourite *red King George V*.

As a general rule, the bigger and paler the leaf, the less likely the plant is to survive a sharp frost. The worst damage occurred in November 1991 when we had a sudden sharp night after a mild autumn in which plants were still growing freely. Otherwise the golden rule is never to cut these plants down until late spring, however messy they look. Take a few cuttings as back-up in early August from any which you buy next week and save them in a frost-proof place during the winter.

Suppliers tend to say that old plants flower less well than newly-rooted cuttings. They certainly flower earlier, but I am not sure that that view is right. The way to subvert it is to feed penstemons with a liquid fertilizer from mid-July onwards, building up ever more shows of bud as you remove the dead flowers. Plants bought at Hampton Court can be tucked into any sunny place, preferably with the shelter of a wall or house or a lasting mass of surrounding neighbours. They cover a multitude of gaps before the season is over.

To complement the penstemons, I take the chance each year to stock up on my basic plant food, *Postrogen*, and make sure that nothing on their stand looks better than the dilutor which I bought the year before. Gardeners have their favourite fertilizers, but I stick to the one which works best with my hurried, hosiery tactics.

You fit the more up-market model of dilutor on to your hosiery, fill up to the mark with *Postrogen* and then spray the penstemons and anything in pots with a rain of fertilizer, feeding and watering at the same time. Almost everything which grows well grows twice as well if you pep it up with chemicals. I will return from the show and set about this pleasant business, fertilising my trousers in the process, and this year, unlike its savage predecessors, I will be fertilising in the rain.

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TRAVEL

Coming up for air – before your lungs explode

Beneath the ocean waves and far from mother, Alison Delaney is learning to dive. She opens a two-page special on the Caribbean with this account of her first nervous experience and ultimate underwater triumph...

It was worse than any Tarantino nightmare. Inside the vase coral, a viper moray eel was biting a fish in its mouth and drooling malevolently at me.

It is not easy to drool malevolently. Especially under water. The water was filled with a dusty haze made primarily from fish-crap. Parrot fish, no larger than a bottle of beer, covered the reef, bumping mouthfuls of coral and munching it to dust. Each fish produces three tons of sand each year – quickly in pellets if you chase them.

And why was I chasing parrot fish off the coast of St Lucia?

I was learning to dive.

Even before I had heard about exploding lungs, I was nervous. My instructor, Joyce, an unflappable Scot, explained the physics behind sudden death and coming up for air. A lungful of air breathed 30 ft down would expand to twice the volume at the surface. No reflexes are triggered inside the lungs by increasing pressure, and divers who hold their breath ascending blow up their lungs and usually die. It is this, rather than the bends or sharks, that knocks out most novice divers. It is essential to keep your airway open at all times.

I had not expected such

danger on my first dive. I looked at my classmate in the hope that he would look equally worried. He did not. Nervously, I asked where the swimming pool was for us to start our training. I hadn't seen one in the hotel.

"There isn't one. That's the swimming pool" – our instructor made a wide gesture towards the ocean. So we were thrown into the beach laden with tanks of air, fins and masks. To strike a balance between sinking and swimming, we were wearing weight belts and Oat jackets.

As I sank into the water I found the first problem. Our instructor sank bravely down to the sea bed, as would I, but my ears hurt. The delicate air passages on each side of my head were sending clear messages to my nervous system: "back to the bar".

James Bond never had this problem. The diving manual states clearly in chapter one that equalising ear pressure can be easily achieved. This is a lie. Stopping ear pain during descent is a demanding ritual, not always successful, of holding your nose and pretending to sneeze. The official advice, to wiggle your jaw while swallowing, is unworkable.

The relief I felt on reaching the sea bed with equal-

ised ears was quickly spoiled by my teacher. Immediately we began disaster training. So far as I was concerned, the disaster had happened. Far from mother, I was 20 ft below the sea and stuck with a woman who, although apparently friendly, expected me to take off my mask and swim away from it.

The sub-aqua mask automatically stops the amateur diver from breathing through their nose. Once removed, it left me unable to see and in a good position, I thought, to drown. My feet kicked wildly in a reflex reaction as my body told me to head for the shore.

That first try was dreadful, and the second time bad, but at the end of the day I could have undressed underwater as long as my mouthpiece was still giving me air.

Until day two. That was when the air was turned off. Thirty feet below water I was expected to trust my partner to share his air with me. Coming from a large family, where asking a sister for a lick of ice-cream is about as realistic as expecting to win the lottery, I had my doubts about trusting a mere acquaintance to hand over his life support system.

But you learn to trust on a diving course.

With practical tests on the shore and exams in the bar, what little resemblance



Happy snappers: in general, the underwater world ignores divers

learning to dive might have with going back to school disappears underwater. Not 100 yards from Anse Chastenet's beach bar is a thriving reef that supports a kaleidoscope of tropical fish and coral with colours from acid orange to fluorescent blue.

Bossy yellow and black-banded Sergeant Major fish escort any diver around fan and brain corals, as much as inviting hosts, while the underwater world in general ignores divers.

Crab keep on munching their diet of ferns, and

shoals swim past with no sign of alarm. These Caribbean reefs have no large sharks – so, at least, we were assured – so the underwater tourist is never confused with a predator.

As we passed the stages of our course the diving

became deeper and more adventurous. Wreck-diving was a revelation. The inside of the sunken boat looked like a film set. The sunlight shafted down through open hatchways and lit the dusty water and plant life fringing the companionways. A

Information

Information for travellers: Alison Delaney took her course at Sandy Lane, Anse Chastenet, which offers courses approved by the Professional Association of Diving Instructors. A one-day resort course is available, but the highest level course for Open Water Certification takes a minimum five days.

Her holiday in Anse Chastenet was organised by S&K Cut Travel, tel: 01730-282211, which offers packages including flights from £1,199 for seven nights half-board. This includes a one-day introductory dive, but the Open Water Certification course fee must be payable locally. For certified divers, a course of ten dives around the excellent local reefs and wrecks costs around £250.

Would-be divers are advised to seek to their doctor. Asthma and bronchitis are just some of the conditions on a long list of medical conditions that make diving impossible.

brightly-coloured fish hung absolutely motionless at about head level.

This hanging fish was one of the more mundane surprises that drift around the coral reefs that fringe the coast of St Lucia in the Caribbean. King crab with shells 2ft wide sit up on their hind legs and use their claws to stuff sea plants into their mouths like robots on an assembly line. Living versions of prehistoric fossils scurry into crevices, in an infinitely improbable living environment.

Although statistically dangerous, the necessary skills to dive in the deep are not hard to master. A week of careful tuition is all that is needed. Dive by dive, the problems disappeared. Disaster management exercises became routine, and the vividly spectacular underwater world took centre stage. Squid, like translucent bursts of pastel, squirted through the shallows in a flurry of legs. Calamari will never taste the same.

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DEEP THOUGHTS: Man is two-thirds water, and so is the planet, says Harlequin, explaining why we feel at home in the water. So go diving in the Caribbean, which like us is warm and partial to fish. Try Little Cayman, Curacao, the Bahamas... call +44 01708-852780.

FLY VIRGIN: A trip in a twin-engine seaplane over the Virgin Islands is ranked by Cunard cruise passengers as one of the line's top 10 day tips. The Vistaflight is sailing there on December 2. Details on +44 0171-973 2471.

BELOW PAR: Stay at the Royal Westmoreland in Barbados and get a 40 per cent discount on green fees at its golf course – down to £40 for 18 holes in low season. You can go by Concorde. Information from 0171-355 5028.

CAST OFF: Combine a week in Barbados with a week exploring the Grenadines on a private yacht – swimming, snorkelling and sunset barbecues, suggests Crystal Worldwide; from £2,835 via British Airways. Reservations: +44 0181-241 5181.

BRASH MOVE: Save £900 a week renting Brash House in Tobago in July and August: a Spanish-style house with reef views, swimming pool, tennis court, and a beach within 10 minutes. New cost, through Elysian Holidays (01580-766599), £1,800 a week – it sleeps 12.

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SAILING SAVING: Sail in the all-suite Silver Cloud from New York to Barbados, or on to Rio, in October and save £670 per couple. Included are three days at the Sandy Lane in Barbados with gourmet dinners and all the golf, tennis and watersports you can handle. Call Caribbours, +44 0171-581 3517.

CAYMAN UPDATE: What's going on in the Cayman Islands? Call the tourism department on 0171-491 7771 in the UK and they'll send you their new newsletter, the Cayman Turtle. First edition: gazpacho recipe, swimming with stingrays, and more.

CARIB COUNTRY: St Lucia hosts its first country music festival from December 4 to 6, to add to its annual jazz festival. Concerts on Pigeon Island, among the ruins of an old fort, and at the Great House. Tammy Wynette will be there; so will you if you call Crystal Worldwide on 0181-241 5181.

CRUISE NEWS: The Caribbean is the second most popular cruising destination for Britons (95,000 of them last year), and the Cruise Information Service has launched a fact sheet giving details of prices, activities on land, the climate, the operators, and booking. Write to the PSA, 4th floor, Westminster House, 288 Regent St London W1R 5HE, or use the faxback service on 0990-552251.

FLY AND SAVE: The Caribbean for only £389? Yes, that'll get you seven nights, room only, in Barbados with Hayes & Jarvis (call +44 0161-748 0088), or 14 nights self-catering in Jamaica with First Choice (0181 880 8155); less for a child.

FREE rooms for two kids with two adults at the Ritz-Carlton, St Thomas, US Virgin Islands, until December: call 01244-587888. The same company is building Puerto Rico's first five-star hotel, opening in November.

PILLOW talk at the Cotton House hotel on Mustique: goose-down, feather or hypo-allergenic? You get a pillow menu on arrival. Caribbours, +44 0171-581 3517.

BIGGEST pool in the British Virgin Islands is 130ft, now open at Long Bay Resort on Tortola.

John Westbrooke

صكنا من الامم

TRAVEL



Sandy Lane: fit for the Emperor Tiberius but the bread went missing at the breakfast table

A few cracks in the old lady's make-up...

...but don't worry, the pursuit of perfection is in hand, says Antony Thorncroft

Luciano Pavarotti met Gary Lineker at the Sandy Lane Hotel and the consequence was a pasta-flavoured crisp. One of the harmless side attractions of staying at one of the great hotels of the world is spotting the ill-assorted public faces occupying adjacent tables. It is also warmly reassuring: if the rich and famous choose this hotel it must be just so.

Sandy Lane is the most celebrated hotel on Barbados, the number one holiday destination for rich Britons. The uninhabited island was settled by the British in the 1620s and the combination of old country traditions - Gothic parish churches, cricket, reticence - married to a marvellous climate and wonderful beaches, makes it a natural second home for the (mainly) nouveau riche. The fact that Concorde now flies there direct throughout the year says it all.

Sandy Lane has one natural advantage: it is on the Caribbean side of the island, which guarantees a calm sea and amazing sunsets. (The Atlantic coast is all tempestuous breakers, lovely to look at, deadly to be among). It also has an inestimable man-made asset. Owen Robertson Ward, its architect, was a man of the old school, and in 1981 designed

a hotel that has a timeless elegance, an echo of Amalfi in the Americas.

Perhaps the best moment of a stay at Sandy Lane is arriving at the wide-open entrance and seeing the sea ahead, framed through a porticoed terrace which only needs some draped Alma-Tadema beauties to be perfect. The public areas leading on to the beach are a medley of gracious curves and angles and subtle comfort. The Emperor Tiberius would have felt quite at home.

After that, reality quickly asserts itself. Sandy Lane grew beyond the imagination of its founder Ronald Tree, an American-born Tory MP, who created 40 rooms, mainly for his friends, and it grew at a bad time. The later additions are not felicitous, with small rooms down long featureless corridors. Amazingly the swimming pool, fairly tiny, fairly mundane, is built away from the sea, towards the out-house: this is inevitably a beach hotel.

There are other minor irritations which would not go unnoticed in a Swiss hotel - a dead remote control switch for the television - does anyone really need a set in such an outdoor setting? - a non-functioning bedside light; unexciting, and only occasionally replaced, toiletries

two different price lists - in Barbadian dollars for food and drink, in American for rooms. Sandy Lane is perhaps best known in the UK for its love-hate relationship with Michael Winner, the movie producer and diner out. He loves to criticise it - but hates it even more if his regular room is not free in December. His main grouse is the strict dress code for dinner, which basically means "no jeans". It does seem perverse when guests

can pad around barefoot in beach wear during the day.

The restaurants, especially that dedicated to Italian food on the edge of the beach, are some of the hotel's finer assets, and there is some pleasure in dressing up to the standards of the hotel.

For all its minor irritations the place does look and feel right. Casual luxury, expensive ease, traditional style are descriptions that come to mind as you get whisked away to the airport in the white Rolls Royce.

Apart from dealing in two currencies there is also the strange anomaly over the room rates at Sandy Lane. It costs \$535 a night for an ocean view room until mid-December; twice that over the Christmas holiday.

It is probably a bargain if you are a golfer because, as a guest at the hotel, you can enjoy inexpensive access to one of the more picturesque courses of the Caribbean, which climbs the hill behind the hotel. Tennis and water sports mania also get pampered. But as only around 15 per cent of guests are golfers they are being subsidised by the rich beach bums.

In recent years Sandy Lane has been owned by Forte, briefly belonged to Granada, and last year was bought by a consortium led by Irish millionaires JP McManus and Dermot Des-

mond. They are prepared to invest heavily in their property, and aim to close the hotel during the summer of 1998 in order to make the necessary improvements, which will embrace many of the rooms, the swimming pool, and the golf course. It is a timely move. A few miles up the coast Barbados has another brand new golf course, the mighty impressive Royal Westmoreland, which competes with Sandy Lane, not only as a sporting alternative but as a base for the rich in the 300 villas, priced from \$500,000 upwards, arising on the estate.

There is also a new owner, Princess Hotels, for the Royal Pavilion and Glitter Bay, contrasting twin hotels just along the coast, which offer a similar location, and much the same luxury, for fewer dollars.

Royal Pavilion has some of Sandy Lane's stateliness, while Glitter Bay competes hard in the market that Sandy Lane, surprisingly, has made its own - as a wonderfully welcoming hotel for families with children.

Sandy Lane awaits a new future. It has recognised the cracks in its perfection, which is a good starting point towards keeping the allegiance of its many loyal fans.

How Nevis lost its innocence

Underneath a waving palm, James Henderson contemplates life on a small, tropical island

The revelation came only slowly, dazed as I was, prostrate under a palm tree, sheltering from the full strength of the sun.

Gradually it gathered its full portent, the horror and responsibility, while the sunlight spangled through the restless brushwork of the palm fronds. But then it clicked. Poised above me was... the Coconut of Damocles.

For those who are a little shaky on their ancient history, the courtier Damocles had a dangerous habit of oversteering the contentedness and good fortune of his tyrant king Dionysius, who consequently decided to set the record straight.

He treated Damocles to the most lavish of dinners, but sat him beneath a sword hanging by a horse's hair. And here was I, luxuriating in the charms of Nevis, one of the loveliest islands in the Caribbean, responsibility looming ominously overhead. Rather a pertinent dilemma altogether.

But then, Nevis really is a lovely island. It is small and still relatively difficult to get to, which means that it is not swamped by crowds. It is beautiful too. Tropical greenery clamours at the roadsides and throbbles the old stone walls and sugar estate buildings that survive from Nevis's heyday two centuries ago, when the slopes were carpeted with cane. Some of these estate houses have been restored into plantation house hotels and they retain the graciousness and elegance of that time.

It was all too easy to succumb to the dreamy quality of the planter's life at Montpelier - the tropical fruits and cocoa for breakfast, bougainvillea in pink and purple and the shade of magnificent trees. I made a mental note to watch for coconuts. And the best moment of the day, early evening on the veranda, sipping a planter's punch before dinner, as the tree frogs struck up their nightly peeping chorus and the fireflies meandered, flashing, around the garden in their 20-minute search for a mate.

I might have hoped that Nevis would never change, but in the way of the West Indies, as soon as you arrive the latest island gossip reveals itself. Nevis is on the move. A normally terminally dozy island, it has a buzz about it. In the past two years people have begun to drive quickly, because they have to get to work on time

(somehow, it never seemed to matter much before, but now they are in danger of being fired if they are late). In the three years since I visited last, Nevis has lost its innocence.

It would be pure sentimentality to gainsay progress unless it destroyed the island's charm, but Nevis is still a thoroughly charming place, far more so than lots of islands that pretend to be undiscovered. I scowled at the threatening coconut, took full stock of my responsibility, hopped up and set off along the sand of the beach - sumptuous,

have voted for independence, it is a little more daunting now that it is suddenly more possible. On a more practical note, St Kitts has all the pension and social security money and it is using its legal powers to set constraints on Nevis's small but growing offshore banking industry.

The barman intoned gravely: "I mean to 'ave words wid-Mr-Azany (the Nevisian Chief Minister) about it." In the way of the West Indies he is fun to explore. I took a walk up into the hills with Jim Johnson, an agriculturalist who sprinkles his walks with snippets of knowledge about the local animals and the traditional uses of Caribbean plants.

Apparently it is the gathering moisture of evening that makes the tree frog sing. It stretches a membrane in its head - I suppose this also explains why when it rains the whole place is overwhelmed with peeping song. We walked up into the Green Ghat (a ghat is a local name for a watercourse in the mountainside, a sort of volcanic stretch-mark), where whole hillsides, even other plants and trees, were blanketed with morning glory vines.

Red and black jumbie beads, like ghostly eyes, watched us pass and ear-like jelly mushrooms listened out for our footfall. As we descended in the jungle, Johnson pointed out domestic and medicinal plants - cinnamon, cashew, limes and soursop.

Eventually we stumbled into the foundation of an old plantation house. Not much was visible except the floor plan of a once magnificent house and its outside kitchen. But you could see why they chose the setting because of a superb view of the island's possibly-never-to-be former partner, St Kitts.

Of course you are told never to sit under coconut palms - people have been killed by falling coconuts. For me, natural over-enthusiasm aside, Nevis really is a charming place.

James Henderson flew to the Caribbean on BWIA (tel: 0181-577 1100), which has two flights each week to Antigua, from where it is a short hop to Nevis. The (St Kitts and Nevis) Tourist Board can be contacted on 0171-376 0831.

James Henderson is the author of the Cadogan Guide to the Caribbean and the Bahamas. A fourth edition will be published later this year.

It is complicated, of course, because every Nevisian has relations in St Kitts, and although in the past all but 12 Nevisians

"It gotta happen," said the barman as we settled in for a beery debate.

Don't miss the Weekend FT's Forthcoming Travel Feature on Australia

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Financial Times

In search of unburied Treasure

John Westbrooke makes the most of Jamaica's empty beaches

Here is a strip of pale sand, half a mile long and with not a body on it. A desert island? Not at all. It is Jamaica, one of the world's better known resorts - and it still has empty beaches.

This is Treasure Beach, on the remote south coast. Steady downpours are bringing flash floods to the north, but the south is called "the desert" by the locals: the air is warm, the sky a heat-hazy blue, and the ground dry.

The Treasure Beach Hotel has big, white rooms, two swimming pools and a well-stocked restaurant. All looked empty. An American couple finally emerged to sit by a pool.

A Jamaican vendor turned up on the beach to hawk crummy curries and pork (marjuna), but no-one wanted any and he went away. That appeared to be the highlight of the day.

For breakfast we went to the Trans-Love Bakery, a modest building in a field of goats. Its staff and clientele seemed to consist of American hippies, friendly and happy to be miles from anywhere. They make wonderful bread and pastries.

One of the guests, Joshua

Lee Stein, turned out to be a travelling masseur, formerly of New York, who tows a collapsible table behind his bicycle. He set up shop under a tree by the waves and for an hour - and a modest \$30 - located, kneaded and soothed every knot in my body, before leaving me smoozing with bliss.

An outing took us to Black River, a town along the coast. The river itself is 44 miles of brackish water, lined with mangroves and inhabited by crocodiles, and boat trips carry you six miles along to meet them.

Crocs are territorial beasts, so the drivers know them by name: Big George was out for the day (all 13 ft of him) but Margaret and Tom and his girlfriend Josephine were at home, sitting in the water or on the banks. They scarcely move; not until you see one gliding serpentine through the water does it actually look scary.

For dinner, Jake's Place on Treasure Beach. This hotel/restaurant is the best known establishment for miles, since it appeared in a US travel magazine and is now full of people getting away from it all. "Fall" is relative: it has

this idyllically rustic, European may see it as a designer version of a Greek island village without the mosquitoes (because of the dry climate) - and no worse for that.

The rooms were designed by the owner's mother, Sally, who is still there, pondering her next chalet; but the owner himself (Jason Henzell - "Jake" is merely a pet name, who has moved to the Bakery to be nearer a

lady parrot) is in Paris, opening a branch of the restaurant on the Rue Neully. This should be good: any steak was fine, but those who tried it said the chicken Kiev was a world-beater.

Afterwards, we sat sipping rum at the outdoor bar, by the light of colourful candles made next door. The sea rumbled in and stars blinked

FOOD AND DRINK

Wine/Jancis Robinson

A challenge to the retail giants

Can independent merchants rival the multiples on wines priced under £6 a bottle?

Last week BBC Radio's arts flagship Kaleidoscope was broadcast from the 200-year-old Hatchard's in central London and devoted itself to the business of selling books. A sense of impending doom labelled Multiple Retailer Power hung over the assembled independent booksellers.

The book trade has always been remarkably like the wine trade, except that it is rather further back in the evolutionary chain. Supermarkets have dominated wine retailing in Britain since the early 1980s, and the wine trade's equivalents of Dilsons and W H Smith/Waterstones (Thresher/Bottoms Up/Wine Rack and Victoria Wine) for even longer.

Independent specialist retailers of all sorts are under threat. We love them dearly in theory but in practice, all too often, it is easier and cheaper, particularly for less expensive wines, to take advantage of the buying power of the multiple retailers – or is it?

Stung by the fact that such an overwhelming majority of wines

recommended in the national press come from the supermarkets or national chains, Adam Brett-Smith, managing director of City wine merchants Corney & Barrow challenged me to a tasting of wines under £6 recently.

He recruited wines from his fellow members of The Bunch, the most *mediatique* group of independent wine merchants, and I threw in three from each of Oddbins, Sainsbury's and Victoria Wine.

Adams of Southwold and John Armit Wines of London W11 declined to take part but there were between four and six wines from each of Corney & Barrow of London EC1, Laytons of London NW1, Lay & Wheeler of Colchester, Essex, Tanners of Shrewsbury, Shropshire and

Yapp Bros of Mere, Wiltshire. Prices ranged from Oddbins' £3.18 for the southern French mainly Merlot blend sold by them as Cuvée de Grignon (very similar blends available as Montagne Noire Rouge £3.99 Asda and Winter Hill at £3.99 Waitrose and some Co-ops) to a cheeky, gamey £5.46 1994 petit chateau claret from C&B.

I have not come across a better red for under £3.30 than Focallien's widely-stocked, California-influenced blend, but in this company it tasted distinctly thin. Paying slightly more than another £1 would secure you a wine that is at least five times as good, in particular Corney's Domaine de la Jonction Syrah 1995 at £4.47.

This appealing if basically labelled Vin de Pays d'Oc –

C&B was just the slightest bit vague about its origins – is stunningly good for the money: textbook full-bodied, slightly burnt-rubber Syrah that could give far more pleasure than most varietal Syrahs from the Rhône. The 1996, coming on stream next month, is a fine successor.

Yapp's Vin de Pays des Coteaux de la Cèze 1995 Mabey at £4.95 also demonstrated that the deep south of France is the place to look for well-mixed, warm explosive ripe reds.

Corney's showed a seriously exciting white, a revitalisingly tangy blend of Sauvignon Blanc and Semillon from Bergerac that knocked spots off Sainsbury's Reserve St Marc Languedoc Sauvignon which was only 12p

cheaper. La Combe de Grignon 1995 is £4.11 from Corney & Barrow, tastes as vital and concentrated as a 1996 and is worth every penny.

Lay & Wheeler took the precaution of submitting a mountain Corbières, Borie-Azean 1994 at £5.99, that I have already recommended on these pages. But it was their Roxan Montepulciano d'Abruzzo 1995 at £4.99 that was particularly impressive – so much denser and more redolent of steeped damsons than the rapid blends generally sold under this name now that prices have quadrupled over the last two years.

It is perhaps significant that Asda (which has a Tollo Montepulciano at £2.99 that is not worth brushing one's teeth with)

are also charging £4.99 for the equally exciting oak-aged Villa Pigna Romano 1996 made from 85-year-old Montepulciano vines for £4.99. Fullers' Villa Pigna Colle Lungo 1995 Vino da Tavola delle Marche at £5.99 is the seriously underpriced de luxe version worthy of the supplement for the super-sleek bottle alone.

The closest we got to a head to head struggle during this tasting was a comparison of young clarets selling for around £5. If traditional independent merchants have expertise, it should surely manifest itself here in the basic hordaux rouge arena where there have been so many encouraging developments recently.

In fact even Brett-Smith had to admit that Oddbins' Ch de Mousquet 1995 packs an enor-

mous punch of potential for £5.49, although he upheld the virtues of Laytons' Ch Pradeaux Mazau 1995 as a fine lunchtime claret for £5.39.

At the end I added up and averaged my scores for value and found that of the eight retailers represented, the most successful performer was Victoria Wine, from whom I had selected three particularly notable bargains: Muscadet 1996 Domaine de la Roulerie, stunningly delicate and lively for £4.49 thanks to extended lees contact and the input of Master of Wine Hugh Suter; the positively burgundian £5.99 Vinas del Vero Chardonnay 1995 from Somontano in northern Spain; and the dark, brooding Deakin Estate Shiraz 1996, a snip at £4.99 – the same price as at its independent agents Bibendum of London NW1.

My conclusion from this extremely partial comparison is that the independents, generally weaker in the New World (and virtually lifeless under £4), can certainly give the multiples a run for their money between £4 and £6 a bottle.



A L'Huitrière is unashamedly bourgeois in feel, redolent of the more leisurely era in which it was created

Eating out/Nicholas Lander

A great dining deal in Lille

Lille's initial attraction had been the red Michelin description of A L'Huitrière, a restaurant with an original tiled interior dating back to the late 1920s. Eurostar's cut-price £49 return ticket from London made lunch there a reality.

Arriving just before mid-day allowed me to stroll past the renovated Opera and discover, opposite the Chamber of Commerce, the artisanal world of Jean Trogneux which you enter past a fountain of warm, liquid chocolate.

This family firm began in 1872 by making macaroons in nearby Amiens. Subsequently, it has been run by five generations of the Trogneux: Jean-Baptiste, Jean, Jean, Jean-Claude and today's Jean Alexandre. Alongside the pots of jams and honey are *saucesons* made of chocolate studded with nuts and, amusingly, a chocolate mobile

phone – much less irritating than the real thing and yours for a mere FF15.

Five minutes further on, past Crockaert, a splendid *traiteur* which offers six flavours of mini-*boudins* for your next cocktail party, you come face to face with the magnificent Art Deco exterior of A L'Huitrière.

A broad, curved tiled frieze depicts fish swimming along the seabed with a pink lobster above. Tiled lettering entices you to try specialities such as oysters, shellfish and frogs' legs. At eye level are more tiled friezes of fish and fishermen at work. A magnificent lobster tank rises from the floor and highly polished wooden doors conceal ancient refrigerators. At a marble-topped food preparation area a matronly woman in a blue checked apron was patiently prising the white meat out of a large crab while talking to a young boy

suitably dressed in a sailor suit. The entrance to the dining room is along a corridor adorned with illustrations of the restaurant going back to its oyster stall inception in the 1860s. When I sat back, menu and glass of Badot in hand, it struck me how unusual the restaurant is.

Waiters were running upstairs with the orders and commis waiters struggling down again with their laden trays. In most restaurants the kitchen is almost always in the basement but here the kitchen is on the first floor and the pastry section above that on the second floor.

The menu is unfashionably enormous. Apart from the business lunch with four choices at each course (FF260), the *à la carte* menu comprises 12 starters, 14 fish and six meat main courses, 14 desserts and another five specials of the day. There was also a seven-

course *menu d'aperçus* that began with an asparagus tart and progressed to variations on asparagus with sole, skate and lamb.

This catholic offering, incorporating classic French classic dishes and regional specialities, might make it easier to choose if you eat here regularly but it left us temporarily incapable of reaching any decision. And, I noticed, made for a slow service for customers who placed their orders after us.

Our deliberation was eventually rewarded with three exquisite first courses: slices of *Somme* eel and diced leek topped with thin slices of crisp potato; a gratin of pink, plump crayfish and a bowl of tenderly sautéed *grolle* mushrooms – their freshness not overpowered by garlic or parsley.

Fillets of monkfish, wrapped around small pieces of overly pungent pork and a beer sauce, typified the robust cooking of this par-

ticular region but was too strong for me. The desserts, roast apricots with a vanilla ice cream, a spectacular dish described as half soufflé, half ice-cream and a local, highly glorified variation of *pain perdu* were delicious, as were the small flat dark chocolates, in the shape of turbot, served with the coffee.

A L'Huitrière is unashamedly bourgeois in feel, redolent of the more leisurely era in which it was created. It is calm and comforting, an antidote to many London restaurants. A strong pound and a swift train from London now make it most accessible for UK travellers.

■ A L'Huitrière, 3 rue Chats Bossus, Lille. Tel: 3 20 55 43 41, fax 3 20 55 23 10. Closed Sunday evenings and July 22 to August 23. A la carte £35 per head.

■ You must book 14 days in advance to take advantage of the £49 Eurostar fare (tel: 0990 300 003)

London pubs: The White Horse Beer-lover's paradise

Giles MacDonogh tipples in SW6

It was 9.30 pm when I got to The Imperial in the Kings Road. Outside a boy of eight or so was rehearsing a rich vocabulary of obscenities before an even younger audience. I pushed open the door. The pub was virtually empty. I made my way towards the back where, in the past, I have been accustomed to find excellent Irish native oysters and roast lamb.

Suddenly a voice rang out from behind the bar. It was the landlady. She had been deep in conversation with a customer. "Can I help you?" "Yes," I replied. "I was looking for something to eat." "Kitchen's closed," she snarled laconically. "Then you can't help me," I said. I resolved to go to the White Horse instead.

Now in terms of drink, and some would maintain, food too, the White Horse is possibly the ideal inner-city pub. The owner, Bass Charrington, makes sure that the bistro is in top condition, otherwise it allows Mark Dorber to run the show and bring in whatever he likes. The result is a beer-lover's paradise.

I asked for wheat beer. The barmaid was a model of the genre. "Which one?" She said. "We have four on draught."

"Which do you recommend?"

"The Thunderstorm's good." "Then I'll have a pint," I took it back to my seat. I found it a little bland, it lacked a proper yeasty taste, but I had already noticed that they also had Schneider Weiss in bottle, a *sine qua non* for the summer months.

They also provided all 15 Trappist beers from Belgium and Holland as well as a wide-ranging selection of visiting beers on draught.

I turned to the wines. They too were well chosen. I saw Château Musar from the Lebanon, Nine Popes from the Barossa Valley, and Vienns Télégraphe from Châteaufort du Pape – bottles which wine-lovers cry out for, and would hardly dare imagine in a pub.

Pub food came in the form of bar-snacks: steak and sandwiches and fish and chips. The dishes offered to diners in the aisle furnished with church pews was rather more pretentious: "roasted" or "pan-fried" with lashings of goats' cheese, rocket and sun-dried tomatoes. Still, it was wholesome enough.

The pub itself just misses being architecturally attractive. It sits at the top of Parsons Green and the topers spill out on to a roomy forecourt. There are plenty of old trees about on the green. Inside there is Victorian embossed paper on the ceilings and a small amount of old glass. On the walls there is a lot of beery paraphernalia and pictures of the great gurus of the tap including Michael Jackson, Britain's authority on beer.

There are no fruit machines, thank God, but the rest was crudely modernised when the old bars were ripped out. It lacks the cosy feeling of an old pub.

Many would say that was another advantage: it is loud, lively, and I presume it is easy to make new friends at the White Horse. By 9.45pm many of the customers were already three sheets to the wind.

'The barking tone... bore the accent of the minor public school'

A mobile phone appeared an indispensable part of the kit, strapped to your waist like a revolver, or lying on the table in front of you; if you cannot drink with a friend you may ring one up while you drink. Sitting in the bar was a little like working in a telephone exchange manned exclusively by alcoholics.

It was a very cold day in late spring, but many of the male customers were wearing shorts, T-shirts and baseball caps. The rest wore striped shirts and ties at half mast, evidence that they had popped in on the way back from the City. Insurance brokers mingled with estate agents. The loud barking tone, the screeching of the women, all bore the accent of the minor public school.

I had wanted upmarket pub food: oysters and roast meat, what I got was mid-Atlantic fudge. But this is a minor quibble. So few pubs in London can offer so much as the White Horse. It has nothing of which to be ashamed.

■ The White Horse, 1 Parsons Green, London SW6. Tel: 0171-736 2115.

Vodka is definitely experiencing a long period as flavour of the month. While some newly concocted flavours may be a bit silly – chocolate and pineapple come to mind – there are a lot of traditional flavours that are just right.

Classic Vodkas by Nicholas Faith & Ian Wisniewski (Prion, £9.99) is anything but dry reading, providing such little known tidbits as: "The MIG 25, Russia's most advanced fighter, became known as the flying restaurant because it carried half a ton of (drinkable) alcohol in its braking systems." Classic Vodkas also describes all the different brands as well as flavoured vodkas.

This knowledge can be put to good use at Tarr's Bar in the Langham Hotel on Portland Place, W1. There is a total of 92 vodkas available, suitable for any occasion: Polish honey vodka if

you need to sweeten someone up; or Goldwasser with bits of real gold leaf if you feel deficient in vitamin Au. The vodkas are served ice cold in 50ml stemless flasks which rest in stands filled with crushed ice.

Giles MacDonogh

■ Interest in good contemporary Indian cooking continues to grow. Zujuma, 58A Wimbledon Hill Road, London SW19, is the first restaurant in what may become a national chain.

Zujuma features good, contemporary Hyderabad cuisine and smart design. Zujuma Sharada, who has developed the menu and recipes, has long used olive oil instead of ghee and

prefers it for both health and taste: the cooking is light, startling, memorable.

The same might be said of the interior, the work of United Designers, responsible for Hong Kong among other places. The project was initiated by Whitbread, which sees great potential in high-quality, high-style, mid-pocket Indian restaurants.

George Dongan

■ While on the subject of Asian cooking, inexpensive and still popular in the East End are The Lahore Kabab House, (0171-488 2561) and the Clifton (0171-247 2364).

The latest and most innovative to open is Soho Spice, at 124-126



Wardour Street, W1 (0171-434 0808), the creation of Amin Ali who opened the Red Fort (0171-437 2115) in Dean Street in 1983. Soho Spice operates as an Indian café, serving breakfast from 7.30am and afternoon

mini-meals.

The list of a dozen beers is impressive and includes a 650ml of Indian brewed Cobra beer (£4).

Main courses, such as tandoori chicken tikka, tandoori lamb chops, chilli aubergines and spicy prawn curry are served with rice, vegetables and nan although somewhat disappointingly in individual bowls on a tray that reminded me of an airline meal. But the pricing is keen – expect to pay roughly £15 per head with beer.

Nicholas Lander

■ Waitrose is selling glorious mauve-streaked Italian aubergines that are fat spheres – not the elongated black tubes we have grown used to in Britain.

The last time I saw and ate them was in a market in Sardinia. Meat-coloured and pock-marked, they tasted unbelievably meaty – as indeed do the Waitrose version. Available, subject to demand, until the end of the summer.

Hugo Arnold

■ Good butchers can be a bit thin on the ground, and no matter how good a cook you are, you cannot reproduce a restaurant quality meal with supermarket quality meat.

Among those who delivers top quality prime Scottish beef directly to the door is Donald Russell.

He supplies traditionally reared, matured Aberdeen Angus

beef to the Royal Household in Scotland, as well as to restaurants including the Waterside Inn, Kensington Place and Chewton Glen.

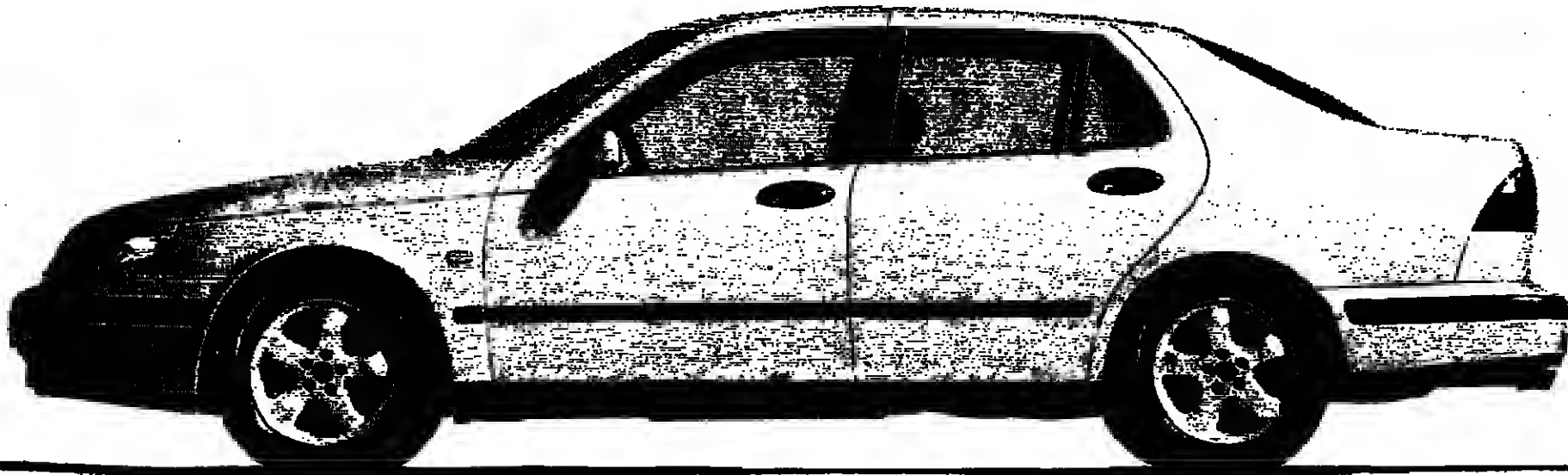
Donald Russell Direct also supplies salmon. Donald Russell Direct: 01467-629666; fax 01467-624300. George Dongan

■ Dried chillies are as different from fresh chillies as raisins from grapes but both are equally valuable in the kitchen, and dried have the advantage of no closed season.

Dodie Miller, of the Cool Chile Company, is their greatest advocate. Her mail order selection of dried chillies, imported from Mexico, comes complete with notes on tasting, tips on preparation and recipe ideas as well as heat ratings.

Orders and inquiries to tel/fax: 0171-229 9360. Philippa Davenport

OUTDOORS



The new 9-5. Sleeker looking than the 9000 but still unmistakably a Saab

Road Test / Stuart Marshall

No sweat in the Saab's front seat

No one knows better than Saab that if you are small, you have to try harder. Compared with the high volume manufacturers, Saab is strictly third division in size because it makes fewer than 100,000 cars a year. But clever exploitation of technology, an obsessive concern with safety and flashes of inspiration put it up among the leaders for product quality.

In the pecking order of business car status, it is just below Audi, BMW and Mercedes, a cut above Ford and Vauxhall and on a par with, say, Volvo and Rover. A Saab is for the individualist.

The new 9-5 executive saloon, which initially supplements and will ultimately replace the 9000, is a case in point. Like every Saab made since 1947, when this aircraft manufacturer branched out into car production, the 9-5 has front-wheel drive. An elegantly styled yet spacious five-seater with a massive, slab-sided

boot, it comes with a choice of three petrol engines - 2 litre, 150 horsepower, and 2.3 litre, 170 horsepower, four-cylinder and 3 litre, 200 horsepower V6.

When it reaches Britain in early October, only the four-cylinder engines - light pressure turbocharged to boost low speed pulling power, not to increase

unsustainable top end performance - will be on offer.

The V6, claimed as the world's first car engine with a single turbocharger feeding both banks of cylinders, arrives in February 1998. The roads of southern Sweden are well engineered, mainly smooth surfaced and, by the standards of south east England, unmercifully empty. A good place, then, to try a new car for executives and professional user-choosers who make long journeys on motorways and spend hours in nose-to-tail traffic?

Actually, no. Sweden's speed limits are low and rigidly enforced. And a long tailback is a line of five cars caught behind a

monster logging truck and trailer until the driver, as the law insists, pulls into the next lay-by. I find driving there most enjoyable because it is so relaxed and uncompetitive. Those who seem to judge cars only by standing start acceleration times and cor-

Nicely weighted power steering makes parking and low-speed driving effortless

nering capabilities at the ragged edge of tyre adhesion will disagree.

Discovering how well the 9-5 will go in a less civilised environment must await driving experience back home but the owners are good. The supple suspension gives a most comfortable ride.

There is hardly any tyre thump and firm damping minimises roll. Nicely weighted power steering makes parking and low-speed driving effortless. All of which is par for the course in the Saab 9-5's class.

One has to look for good reasons why a potential buyer should have a Saab instead of one of the equally desirable competitors. As performance can be taken for granted, it is mostly the little things that distinguish one good car from another.

The seats, for example, I have never gone along with the theory that hard seats (or for that matter, hard mattresses) are good for you. Well-shaped and supportive seats that yield generously when sat on are for me. The Saab's achieve a perfect compromise.

Air-conditioning is now virtually standard in £20,000-plus cars but Saab goes one better. If you choose optional extra Prestige leather trim, the front seats are ventilated. A fan draws air through the upholstery, eliminat-

ing the wet shirt syndrome. (The 9-5's ventilated seats are not patented and are bound to appear in other executive cars before long).

Another bright idea likely to be imitated are the active head restraints. In a rear-end collision, pressure of the occupant's body on the backrest operates a mechanical linkage, moving the headrest upward and forward to meet the head before the damaging whiplash movement begins.

An important Saab weapon in the battle for an increased share of the executive saloon market is aggressive on-the-road prices. In Britain they start at £21,995 for a 2 litre. A 2.3 litre will be £22,295 and a 3 litre V6, £25,995. SE versions with more agreeable bits and pieces (leather steering wheel, in-car computer, wood veneer fascia, electronic control for the air conditioning, alloy wheels and fog lamps among them) are £24,445 (2 litre), £25,445 (2.3 litre) and £29,995 (3 litre). Automatic transmission is

standard on the 3 litre V6. £1,220 extra on the four-cylinder models. Saab claims these prices make a 9-5 2 litre £1,100 cheaper than an Audi A6 1.8T, £2,160 cheaper than a BMW 520i. The 2 litre is slicker than the more potent 2.3 litre, which I preferred to the slightly more muscular V6.

Within a year the 9-5 saloons will be joined by a reputedly capacious estate car. This will be Saab's first estate since the three-cylinder, two-stroke model 95 of the 1960s which - another Saab original idea - had a pull-out bench in the load space making it into a seven-seater.

Also due in 1998 are turbo-diesel 9-5s. Like BMW, Saab refused to contemplate diesels until they offered similar performance and refinement to petrol engines. The 9-5TD will have a 2.2 litre, inter-cooled direct injection 16-valve engine, supplied by its parent company, General Motors, and developed from the 2 litre diesel currently used in the Vauxhall (Opel) Vectra.

Country Note
Sex and the queen

I feel like a robber counting the swag. The plunder is not money but jars of sweet sticky, liquid food - honey. The most pleasurable seasonal job for me each year is to extract honey from the hives in my garden. Over the spring and summer months the bees have collected countless bellies of nectar from different flowers within a radius of two or three miles. Their industry is surprising - to gather 11h of nectar, the bees need to make as many as 14,000 journeys.

The colour of the honey varies according to its source - at its lightest it can be an opaque yellow, like lemon curd, at its darkest the colour of tea without milk. Brought to the hive and regurgitated into hexagonal wax containers, the bees evaporate excess moisture from it by fanning their wings. Then they seal it with wax secreted from their bodies - this ensures they have food during the winter.

By some extraordinary alchemy, the natural sugars in the nectar (mostly fructose and glucose) ripen into honey. And then I come along and pilage it. But unlike most robbers, I do not clean them out. I always leave enough to keep them through the winter, about 40lbs per hive.

Some people are worried when they see hives because they know that bees sting. Not only can stings be painful, they can also cause a severe allergic reaction (anaphylaxis) in some people, even death. Former US President George Bush's aides carried an antidiote to bee stings. About five people a year die in the UK from such stings.

In a sense, beekeeping is a partnership - I supply them with a weatherproof home and wax foundation frame, already imprinted with a hexagonal design for them to draw out the comb. In the autumn, I put a mouse at the entrance to stop the bees overwintering inside and causing an awful mess.

Bees may attack intruders as big as mice and sting them to death - some beekeepers have found perfectly mummified mice in hives. Usually bees keep their hives scrupulously clean - dead bees are deposited by their mates outside. But a mouse is too big to shift so the bees cover it completely in propolis (natural gum) to stop the body rotting and infecting the hive.

Whenever bees swarm - that is the old queen has leaves with half (15,000 to 20,000 bees) of the colony to set up home somewhere else - the locals around here assume they are my bees, which may or may not be the case. In truth, bee colonies are free agents - they come and go according to their own whims.

Once I was in the garden when a queen went on her wedding flight. Once mated, the drones that have had the pleasure (up to two dozen) die. The queen has as many as 7m sperm in her spermatheca and when she returns to the hive after her 30-minute nuptials she begins laying anything up to 1.5m eggs during her three to four-year life.

But it's not all sweetness and amazing flight. Britain's 30,000, mostly amateur, beekeepers have been hit hard by a mite called varroa (first discovered in Java in 1904) which attaches on to the bee and sucks the life juices from it. Keepers have to be vigilant if the symbiotic relationship between man and the insect that is credited with pollinating 80 per cent of our fruits and vegetables is to be maintained and the ambrosia of their industry enjoyed.

Chris McCooley

LPG cars
Barbecue fuel fails to find favour

Stuart Marshall on why Calor gas does nothing for British motorists

Liquid petroleum gas - LPG for short but Calor gas to most of us - cooks food on barbecues, fuels forklift trucks working inside factories, heats country cottages and killed off the traditional painter's blow-lamp. It can also fuel cars.

Environmentalists argue LPG is better than other fossil-derived fuels because its exhaust emissions are less noxious and contain far fewer particulates. They have a point. For that very reason, low emission, gas-fuelled taxis and buses have been running around Tokyo and Vienna since the 1960s. LPG is popular on mainland Europe. More than 1m vehicles use it in Italy and 450,000 in the Netherlands.

North America and Mexico have about 500,000 each. And Britain? Only 1,500 road-going vehicles are running on LPG. There are a number of reasons why LPG has failed to excite even the most environmentally conscious British motorists. Two of the main ones are cost and convenience. Converting a petrol-engined car to run on LPG costs at least £1,000.

Converting a diesel would be

unrealistically expensive at between £7,500 and £9,000. The gas tank, weighing 50kg when full, goes in the boot, where it severely reduces luggage space.

You can get a tank that fits into the spare wheel recess - but the net gain is minimal because the spare still has to be left in the boot. The gas itself is cheap, but only because it is taxed less than petrol or diesel.

In a bid to encourage greener motoring, the excise duty was cut by 25 per cent in the last Budget. And it is plentiful enough to more than meet demands from road transport usage into the distant future. By this time even cleaner ways of propelling cars (hydrogen or fuel cells) could be economically viable.

The biggest snag is distribution. In mainland European countries with large numbers of LPG-driven cars, the fuel is almost as widely available as petrol and diesel. Not so in Britain. When I borrowed a dual-fuelled Honda Accord earlier this year, Calor gave me a list of just 42 outlets in England, Scotland and Wales where I could fill up with its Autoblend LPG. The nearest to my home would have meant a



It's a gas: Scandinavians, like this driver tanking up in the early 1980s, have been using LPG as motor fuel for years

round trip of 30 miles to a place I never go to anyway. So, when the gas tank was empty, I did what most motorists would have done: tanked up with petrol.

LPG may be cheap - currently 39p per litre - and clean but is less calorific than petrol or, especially, diesel. Typically, a car averaging 30mpg (9.4 l/100km) on petrol would drop to 23 mpg on LPG. A diesel would be likely to yield at least 36 mpg. Pence per mile fuel costs would be 7.7p (LPG), 9.1p (petrol), 7.6p (diesel).

It is the classic chicken-and-egg situation. There are too few gas-fuelled cars to make it worth a

filling station's while to instal an LPG tank and dispenser. While friends of the earth with deep pockets are the most likely potential buyers of gas cars, nothing will change. Only when it is as easy to tank up with LPG as it now is with petrol or diesel will there be any real incentive to make the grand, planet-saving gesture and convert to dual-fuel operation.

(Gas cars still need a petrol tank. They have to start from cold on petrol. And their range on LPG is so much shorter - 200 miles or less - that a reserve supply of petrol is essential.)

So much for the downside. The upside is that the Honda Accord ran at least as well on Calor Autoblend as it did on unleaded, perhaps pulling even more smoothly at low engine speeds.

Starting (on petrol) was instant, as was the push-button change-over from petrol to gas and back again. At the moment, LPG is likely to make most progress in Britain with operators of fleets of cars and vans covering up to 200 miles a day and returning to base for refuelling from an on-site tank each night.

Given enough government encouragement, the prospects for

LPG-fuelled cars in Britain could become brighter. I recall that, 20 years ago, when I bought my first diesel car, finding a diesel pump could be a nail-biting business. When discovered, it was likely to be round the back, surrounded by filth. When I took a car up to one, there was often a hoarse cry from the officer: "Not there, guv, it's diesel." But when diesel car sales surged, the oil companies installed diesel pumps on filling station forecourts so quickly that today, petrol-only sites are few and far between.

Did I hear someone say: "Just like LPG dispensers?"

Fishing

Trout from the unlikely river Tesco

Tom Fort tangles with supermarket trolleys and old tyres and finds a special, secret place

An earthly paradise it is not, the town water, running as it does through a public park which is a splash of green threatened on all sides by the urban sprawl.

It is not a tranquil place; the solitude for which the trout angler's heart bankers is a distant dream.

There are racing, barking dogs, joggers, mums with infants enfolded in push chairs, couples out strolling, boys who - when they are not yelling as they play football - stand high on the bank and point at the water, saying: "Mister, there was a big one here yesterday - look, there he is - ooh, he's scarpers."

There are lorry tyres in the water, a wide selection of discarded tin cans, the odd rib cage of supermarket trolley. The town water is crossed by a great road, and through the hours of daylight the air of the park is thick with the dissonance of protesting brake pads, grinding gears, thunderous expulsions of exhaust.

Beyond the ever-crawling

columns of traffic, the river executes an elegant couple of twists towards a little weir, on one side are willows, reed beds and other suitable companions; on the other are tennis courts, a playground, a nursery, a judo club. Humanity swarms at noisy leisure.

So, no, it is not a spot where the troubled soul would choose to seek relief, to contemplate the eternal mysteries while the bees hum, the birds twitter, the stream chatters. But this beleaguered, besieged oasis does have a peculiar magic - most powerfully experienced on fine summer evenings, when the sun sinks over the dual carriageway.

In part, this magic comes from the very precariousness of the place, which is as a sanctuary with invaders at the door. But to

me it is vastly enhanced by the life in, and about, the river; the way in which, come mid-May, this world rouses itself into a rich, vibrant life.

It is an insect whose own metamorphosis inspires the river's. As the mayfly nymph ascends from the stony bed, reaches the surface, struggles free from its bonds, stretches and dries its wings, is transformed and ascends into the air to mate and die - so are the river's larger denizens stimulated into hungry life.

For this shabby, grubby, unregarded stretch of water actually forms part of a highly reputable trout stream - one which, in its more salubrious reaches, is tended with all the appropriate care.

And there are, therefore, trout



here, wild trout. For some inscrutable fishy reason they choose to live in the ghetto. Perhaps, in the way of priests, they have a special mission - or maybe they just like people.

When I was told of the town water, I was sceptical, for I knew the name of the river and knew of its genteel reputation.

I wandered down the much-trod path to the much-frequented little brick bridge, expecting nothing much. I looked upstream, and the evening air throbbled and shimmered with winged hordes of mayfly. And yes: at the surface were gulps, and swirls, and rings - firm evidence of fish.

I nipped off to my car, seized my rod and other essentials, dashed back, dodged between the passers-by to the water, and started casting.

I still didn't believe these could be trout. Chub, I thought, maybe dace - but still, a little innocent fun. Then I caught a nice trout, just short of a pound, then another of 1½lbs. I lost a good one on Tesco corner - the partly submerged trolley made

the wading a little awkward - and was smashed by a veritable monster which rose near a Coke can.

This was last summer and I was able to manage only one more visit before the mayfly season ended. On this occasion the fish were much more choosy, and the antics of the local urchins, in matters such as stick-throwing, much more troublesome. On a later visit, in high summer, there was no hatch of fly, and the water looked flat and lifeless.

The memory of the place nagged at me at odd times through the winter and so I turned up one May evening. The hatch was reasonably plentiful, but the fish were, in the main, just not interested. I wondered if the urchins had managed to

winkle them out on maggots. I did hook and lose a fish above the little weir, although I strongly suspected it of having been a chub. Thereafter, for some time, I could not locate a feeding fish bigger than 2in long.

The light was fading and the hatch was petering out when I came by Tesco corner (the trolley had gone, so I suppose it should be renamed) and saw a lingering fly disappear in a goodly swallow. This happened twice more, and I got rather hot up.

I landed my own fly in the vicinity, there was a rush, a wave, a boil, a savage raising of the rod (by me), a sailing past the ear of the fly, a few curses.

Anyone can fish the town water, it costs nothing, and I have never encountered another fly fisherman on it.

So no, it is no use whatever in beseeching me to identify it. No inducement nor threat of torture will persuade me to divulge the secret; to do so would be to destroy the enchantment of one of the special places.

INTERNATIONAL ARTS GUIDE

What's on
around the
world

AMSTERDAM

EXHIBITION

Van Gogh Museum
Tel: 31-20-570 5200
The museum's collection of drawings by Van Gogh is the largest in the world, and is being presented to the public in a series of four summer exhibitions, the first of which was held last year. This time it is the turn of the works produced when the artist lived in Nuenen, 1883-1885. Here are the "Brabant handworkers", landscape drawings and numerous studies. The exhibition is shown in two parts, with a changeover on Aug 18; to Oct 12

BAD KISSINGEN

CONCERTS

Kissinger Summer Festival
Tel: 48-971807110
● Panoche Quartet: with András Schiff in works by Dvorák at the Tattersall; Jul 5
● Violinist Christian Tetzlaff and pianist Leif Ove Andnes perform works by Beethoven, Ravel and Debussy at the Kleiner Kursaal; Jul 5
● Royal Philharmonic Orchestra: conducted by Thomas Sanderling in works by Haydn, Dvorák and Brahms; at the Regentenbau; Jul 5
● Royal Philharmonic Orchestra: in works by Beethoven, Britten and Haydn, with piano soloist Barry Douglas; at the Regentenbau; Jul 8
● Roberto Abbado conducts the Munich Radio Orchestra in a programme of arias, with soprano Gabriela Benacková and tenor Alfredo Portilla; at the Regentenbau; Jul 9

BARCELONA

EXHIBITION

Fundació "la Caixa"
Tel: 34-3-404 6073
Tarsila do Amaral, Frida Kahlo, Amalia Peláez: display of works by the three women artists which aims to explore the relationship between the European avant garde and the indigenous traditions which exerted a profound influence upon Latin American Modernism; to Jul 27

BASLE

EXHIBITIONS

Offentliche Kunstsammlung Basel
Tel: 41-61-271 0526
● Düren/Holbein/Grünwald: major celebration of the quintessential Hans Holbein the Younger (ca. 1497/98-1533). Organized with the Staatliche Museen, Berlin, the exhibition consists of 170 old master drawings, which mark the transition from the late Middle Ages to the early modern period when artists began to emerge from anonymity; to Aug 24
● The Prints of Hans Holbein the Younger: the entire collection of the Basel Kupferstichkabinett is on display; to Sep 7

BERLIN

EXHIBITION

Museum für Moderne Kunst, Martin-Gropius-Bau
Tel: 49-30-2548 6714
The Age of Modernism - Art in the Twentieth Century: comprehensive survey which presents the art of this century in four self-contained sections. Beginning with the explosion of Cubism and the crisis of the avant-garde, the exhibition includes works by Picasso, Duchamp and Kandinsky as well as younger and contemporary artists; to Jul 27

BONN

EXHIBITION

Kunst- und Ausstellungshalle der Bundesrepublik Deutschland
Tel: 49-228-917 1236
Sigmar Polke: subtitled "The Three Lies of Painting" this show includes some 180 loans and will document Polke's work from 1962 to the present. Will transfer to Berlin's Humboldt station; to Oct 12

CHELTENHAM

CONCERTS

Cheltenham Festival
Tel: 44-1242-227979
● BBC Philharmonic: conducted by Vassily Sinaisky in Brahms' Symphony No. 1 in C minor, a new work by John Buller and Tchaikovsky's first Piano Concerto, with pianist Boris Berezovsky; at the Town Hall; Jul 5
● RNCM Wind Orchestra: conducted by Tim Reynish in works by Mendelssohn, Sallinen, Strauss and Mozart; at the Town Hall; Jul 8
● Sundsvall Chamber Orchestra: Niklas Witten conducts works by Rossini, Lindgren, and Beethoven; at the Town Hall; Jul 10

OPERA

● La Bohème: by Puccini, performed by the European Chamber Opera; at the Everyman Theatre; Jul 8, 9, 12
● Die Fledermaus: by J Strauss, sung in English by the European Chamber Opera; at the Everyman Theatre; Jul 10, 11

DROTTNINGHOLM

OPERA FESTIVAL

Drottningholms Slottsteater
Tel: 46-8-4570600
Euridice: artistic director Per-Erik Ohm has chosen two of the first operas ever written for his first year at the festival's helm. Jacopo Peri's opera dates from 1600 and this is its Swedish premiere. Produced by Karl Dunér, designed by Peder Freilj and conducted by Jakob Lindberg; Jul 5, 8, 9, 11, 12

EDINBURGH

EXHIBITION

Scottish National Portrait Gallery



'The Man with the Movie Camera', 1929, by Georgii and Vladimir Steinhilber, now showing in New York

Tel: 44-131-624 6200
The Face of Denmark: the product of an exchange organised with the museum's Danish counterpart, this exhibition will include works from the period 1750-1840 and portraits of famous Danes including Hans Christian Andersen and Kierkegaard. In return, Scottish portraits will travel to Denmark in the autumn; to Aug 31

FORT WORTH

EXHIBITION

Kimbell Art Museum
Tel: 1-817-3328451
Monet and the Mediterranean: "It is so beautiful here, so bright, so luminous! One swims in blue air; it is frightening!" wrote Monet from Cap d'Antibes in 1888. Bringing together more than 70 works, this exhibition presents the fruits of several journeys made by the painter: to the Italian and French Riviera in the 1880s, to Venice in 1908. Assembled from public and private collections, these paintings present a survey of the great impressionist's encounters with Mediterranean colour and light; to Sep 7

GLASGOW

EXHIBITIONS

McLellan Galleries
Tel: 44-141-331-1854
The Birth of Impressionism: more than 150 works including paintings by Monet, Sisley and Pissarro are presented here in relation to the work that went before them. The six galleries tell the story of Impressionism's reception by the French artistic establishment as well as suggesting the influence of photography, railways and Parisian café society on the new painting; to Sep 7

GRAZ

CONCERTS

Styriarte Festival Tel: 43-316-825000
● Lamento: the "Red Byrd" vocal ensemble performs a programme around Monteverdi's Lamento d'Arminio; at the Schloss Eggenberg; Jul 8
● Nikolaus Harmoncourt conducts the Chamber Orchestra of Europe in the complete Brahms symphonies, presented as a cycle for the first time, as the Beethoven and Schubert symphonies have been presented here in the past. Symphonies 1 and 2 are performed on 4th and 9th; 3 and 4 on 7th and 10th; at the Stefaniensaal

KASSEL

EXHIBITION

Various venues
Documents: giant five-yearly survey of contemporary art which takes place at venues all over town. Starting at the old railway station, this time the curator is Catherine David, formerly of the Centre Georges Pompidou, who means to make a defining statement about culture at the end of the century; to Sep 28

LAUSANNE

EXHIBITION

Fondation de l'Hermitage

Tel: 41-21-320 5001
Charles Camoin (1879-1965): retrospective which aims to demonstrate Camoin's contribution to Fauvism at the turn of the century and to show the development of his later work, including the influence of Cézanne; to Oct 5

LONDON

CONCERTS

City of London Festival
Tel: 44-171-638 8891
● Bernstein: A White House Cantata - Kent Nagano conducts the London Symphony Orchestra in Bernstein's reworking of the score of his unsuccessful musical, 1600 Pennsylvania Avenue; at the Barbican Hall; Jul 8
● Monteverdi Vespers (1810): William Christie conducts Les Arts Florissants in the festival's closing concert; at St Paul's Cathedral, EC4; Jul 10

OPERA

Royal Opera House
Tel: 44-171-304 4000
● Simon Boccanegra (1857): British stage premiere of this, the original version of Verdi's opera. Mark Elder conducts, Ian Judge directs. Sergei Leiferkus, Plácido Domingo and Kallen Esperlein star; Jul 8, 10
● Die Meistersinger von Nürnberg: Bernard Haitink conducts Graham Vick's production of Wagner's opera. John Tomlinson sings the role of the poet-cobbler Sachs. The final performance will be the last opera staged at Covent Garden before the theatre closes for renovation; Jul 7, 12

Queen Elizabeth Hall
Tel: 44-171-928 8800
Mark-Anthony Turnage double bill: arrives in London from Aldeburgh, where its premiere was the opening event of June's festival. Based on a story by H.G. Wells, The Country of the Blind is directed by Emme Jenkins, with Thomas Randle in the lead role. Twice Through the Heart is based on poems by Jackie Kay. Nicholas Kok conducts the Orchestra of the ENO; Jul 5

DANCE

Royal Opera House
Tel: 44-171-304 4000
The Royal Ballet: mixed programme includes Twyla Tharp's Push Comes to Shove, William Forsythe's Staptax, and Symphony in C, choreographed by Balanchine to music by Bizet. The final performance will be the last ballet at Covent Garden before the theatre closes for renovation; Jul 5, 9

EXHIBITIONS

Hayward Gallery Tel: 44-171-261 0127
Rhapsodies in Black - Art of the Harlem Renaissance: for African American artists working in New York, the 1920s were something of a golden age, with Harlem at its dynamic centre. This multi-media presentation celebrates this decade of extraordinary creativity, bringing together paintings, sculptures, photography and film; to Aug 17

National Gallery Tel: 44-171-839 3321

Seurat and The Bathers: places

Seurat's great "Bathers at Asnières" in a context provided by his own earlier work, and studies and drawings for the painting, as well as works by predecessors who influenced him, and by his Impressionist contemporaries; to Sep 28 (reviewed on p. vii)

Royal Academy of Arts

Tel: 44-171-439 7438
Hiroshige - Images of Mist, Rain, Moon and Snow: celebration of the bicentenary of Hiroshige (1797-1858). Japanese master of the coloured woodcut, whose landscapes provide an atmospheric picture of 19th century Japan; to Sep 28

THEATRE

National Theatre, Cottesloe stage
Tel: 44-171-928 2252
● Closer: new play written and directed by Patrick Marber, with a cast including Claren Hinds; in repertory
● King Lear: by Shakespeare. Highly praised production directed by Richard Eyre, with Ian Holm in the title role; in repertory

National Theatre, Lyttelton stage

Tel: 44-171-928 2252
● Amy's View: Judi Dench and Samantha Bond star as mother and daughter in a new play by David Hare directed by Richard Eyre; in repertory
● The Cripple of Inishmaan: new play by Martin McDonagh directed by Nicholas Hytner; in repertory

Shakespeare's Globe

Tel: 44-171-401 9919
Henry V: by Shakespeare - Mark Rylance stars as the young king in a production directed by Richard Olivier and designed by Jenny Tramant; in repertory

The Old Vic

Tel: 44-171-928 6855
● The Provoked Wife: Lindsay Posner directs Alison Steadman and Michael Pennington in Vanbrugh's comic take on sexual politics in Restoration England; in repertory
● Waiting for Godot: by Samuel Beckett. Ben Kingsley and Alan Howard play Estragon and Vladimir. The director is Peter Hall; in repertory

MONTREAL

EXHIBITIONS

Museum of Fine Arts
Tel: 1-514-285 1800
Exiles and Emigrés - The Flight of European Artists from Hitler: focusing on the twelve years of Nazi rule 1933-45, this show - previously seen in California - explores the work of 23 artists during their years in exile. Those featured include Salvador Dalí, Max Ernst, George Grosz and Piet Mondrian; to Sep 7

NEW YORK

CONCERTS

Lincoln Center Festival 97
Tel: 1-212-875 5030
● New York Philharmonic: at the Avery Fisher Hall. Conducted by Kurt Masur in the first of three programmes celebrating the music of jazz maestro Ornette Coleman, whose outlet Prime Time joins the orchestra in a performance of Sides of America;

Jul 8, 9
● Ornette Coleman: with Charles Haden and Billy Higgins plus guests; at the Avery Fisher Hall; Jul 10

EXHIBITIONS

Metropolitan Museum of Art
Tel: 1-212-879 5500
The Glory of Byzantium: exhibition celebrating the Second Golden Age of Byzantine civilization from mid-9th to mid-13th centuries, exploring both religious and secular aspects of Byzantine culture. Features more than 350 works of art including mosaics, frescoes, ivories, enamels, silks and icons, some of them never before loaned abroad; ends tomorrow

Museum of Modern Art

Tel: 1-212-708 9480
● Objects of Desire - The Modern Still Life: beginning with Cézanne, including masterpieces by Matisse and Picasso, and culminating with Pop art and contemporary works, this exhibition traces the art of this century through the various and evolving representations of objects; to Aug 26
● Retrospective of the Stenberg brothers which promises to be MOMA's largest graphic design retrospective to date. Bright young things of the Russian avant-garde, Vladimir later became Chief of Design for Red Square, while Georgii died in 1933. Pioneers of advertising, the brothers are best known for the arresting posters they designed for Soviet cinema in the 1920s; to Sep 2

THEATRE

Ambassador, 219 W. 49th St.
Tel: 1-212-239 6200
Bring in De Noise, Bring in De Funk: tap dancing spectacular with a political message about the history of black America, choreographed by Savion Glover with a text by Reg E. Gaines; to Oct 12

Belasco, 111 W. 44th St.

Tel: 1-212-239 6200
A Doll's House: Janet McTeer's much admired Nora plays opposite Owen Teale's Torvald in a sexually charged rendition of Ibsen's play, first seen in London and directed by Anthony Page; to Jul 26

Manhattan Theatre Club, City Center
Tel: 1-212-581 1212
Collected Stories: Lisa Peterson directs this production of Donald Margulies' new play, starring Maria Tucci and Debra Messing as the writing professor and the graduate student who betrays her trust; to Aug 2

Lincoln Center Festival 97

Tel: 1-212-875 5030
● Les Danaides: US premiere of Romanian director Silviu Purcarea's reconstruction of Aeschylus' 470 BC tetralogy. Involves 120 actors and musicians in the story of the flight from Egypt of 50 defenceless sisters seeking sanctuary from the King of Argos. Performed in French with English subtitles; Damrosch Park, 62nd St near Amsterdam Ave; Jul 8 to Jul 20
● Woza Afrika - After Apartheid: four different programmes of South African township plays, intended to illustrate the changes which have taken place over the past ten years. All are US premieres. Presented at the John Jay College Theater and LaGuardia Theater; Jul 8 to Jul 27

OTTAWA

EXHIBITIONS

National Gallery of Canada
Tel: 1-613-990 1985
Renoir Portraits: featuring works from throughout his career, this exhibition includes some of Renoir's most famous paintings. The show will travel to Chicago and Texas; to Sep 14

PARIS

DANCE

Opéra National de Paris, Palais Garnier Tel: 33-1-4343 9858
Sylvia: the Opéra Ballet performs a new version, with fresh choreography by John Neumeier, to music by Delibes; Jul 5, 7, 8, 9, 10, 11, 12

EXHIBITIONS

Jeu de Paume Tel: 33-1-4703 1250
César: major retrospective of one of the most important French sculptors of the twentieth century. Tracing the different approaches and materials with which he worked, the exhibition includes almost 500 objects loaned from museums and collectors in France and abroad; to Oct 19

Musée Carnavalet

Tel: 33-1-4272 2112
Rudolf Nureyev: celebration of the great dancer and choreographer who made his home in Paris. Includes photographs, books, furniture and costumes; to Jul 27

Musée National d'Art Moderne, Centre Georges Pompidou

Tel: 33-1-4478 1233
Fernand Léger: retrospective of the early modernist, who emerged from the Cubist revolution around 1910 to move towards abstraction. His experiences in the war and socialist principles led him back to figurative painting. The exhibition will travel to Madrid and New York; to Sep 28

OPERA

Opéra National de Paris, Opéra Bastille Tel: 33-1-4473 1300
● Rigoletto: James Conlon conducts Jérôme Savary's staging of Verdi's opera, with sets by Michel Leblond; Jul 5, 8, 11
● Manon: by Massenet. Musical director Gary Bertini presides over a staging by Gilbert Delfo, with designs by William Orlandi; Jul 7, 10, 12

SANTA FE

OPERA

Santa Fe Opera Tel: 1-505-888 5900
La Traviata: Linda Brovsky directs this new production of Verdi's opera, set in the Parisian demi-monde. Patricia Racette is Violetta, Raymond Vary is Alfredo, William Stone is Germont.

Until July 9 the conductor is John Crosby, when Christopher Larkin takes over; Jul 5, 9

SCHLESWIG-HOLSTEIN

CONCERTS

Music Festival
Tel: 49-431-567080
● NDR-Sinfonieorchester: opening concert of works by Schoenberg and Mahler conducted by Herbert Blomstedt; with soprano Karin Armstrong; at the Musik- und Kongresshalle, Lübeck; Jul 5, 8
● The Camerata Academica Salzburg performs a programme of works by Mozart and Schubert, conducted by Jordi Savall; at the Schloss, Klet; Jul 7, 8

OPERA

● Moses and Aaron: by Schoenberg. Co-production between Oper Leipzig and the Nationaltheater Weimar, in a staging by George Tabori, with sets by Gottfried Plitz. Matteo de Monti is Moses, Hans Aschenbach is Aaron. George Alexander Albrecht conducts the Gewandhausorchester Leipzig; at the Staatsoper, Hamburg; Jul 8

TANGLEWOOD

CONCERTS

Tanglewood Festival
Tel: 1-617-931 2000
● Zdenek Macal conducts the Boston Symphony Orchestra in works by Brahms and Mozart, with piano soloist Garrick Ohlsson and the Tanglewood Festival Chorus conducted by John Oliver; at the Shed; Jul 5
● Boston Symphony Orchestra: conducted by Seiji Ozawa and John Williams in a programme of works by Rouse, Barber and Copeland, with violinist Gil Shaham and the Tanglewood Festival Chorus conducted by John Oliver; at the Shed; Jul 8
● Dvorak's Tomsic: piano recital of works by Mozart, Brahms, Ravel and Chopin; at Ozawa Hall; Jul 10
● Seiji Ozawa conducts the Boston Symphony Orchestra in a programme of works by Brahms, with violin soloist Maxim Vengerov; at the Shed; Jul 11

THE HAGUE

EXHIBITIONS

Museum Het Paleis
Tel: 31-70-338-1111
The Dandy - Fashion, Art and Literature: Dutch design duo Ravage have recreated three scenes: the dressing-room of George "Beau" Brummell, father of dandyism; a black dining room derived from Huysmans' novel, A rebours; and the "summer dandy" with his all-white wardrobe, c. 1915. On the upper floor are 30 portraits of celebrated dandies and numerous accessories. On the top floor are caricatures, fashion plates, and modern examples of the influence of the dandy; to Aug 31

THESSALONIKI

EXHIBITIONS

Museum of Byzantine Culture
Tel: 30-31-868570
Treasures from Mount Athos: following a historic decision by the Holy Community of Mount Athos, this exhibition of 1,500 objects promises to be the highlight of Thessaloniki's year as European City of Culture. Many of the icons, manuscripts and textiles which will be on show have never before travelled outside the Orthodox monasteries which house them; to Dec 31

VENICE

EXHIBITIONS

The Giardini di Castello, the Corderie della Tana and elsewhere in the city
Venice Biennale: The 47th International Art Exhibition is larger than ever, with 58 participating nations and a strong showing from the underdeveloped world. The theme of the central exhibition, at the Corderie and the central Pavilion, is "Future, Present, Past". Its curator, the critic Germano Celant, has opted to present the work of 71 artists in three chronologically ordered categories beginning with the 1960s. Overall, painting and sculpture are more in evidence than in recent years; to Nov 9

VIENNA

EXHIBITIONS

Kunsthaus Wien Tel: 43-1-7120495
Schmidt-Rottluff (1884-1976): comprehensive exhibition of the work of the German expressionist comprising around 180 works including paintings, drawings, etchings, woodcuts and sculpture; to Aug 24

WASHINGTON

EXHIBITIONS

National Gallery of Art
Tel: 1-202-737 4215
Picasso - The Early Years, 1882-1906: making the case for the artist's career before Cubism, this show begins with Picasso's formative years and traces his relation to Catalan modernism in turn-of-the-century Barcelona, prior to his emergence in Paris. Including important works from his Blue and Rose periods, the exhibition culminates in the Iberian figure pictures of 1906; to Jul 27

ZURICH

EXHIBITIONS

Kunsthaus Zürich Tel: 41-1-262-0909
Birth of the Cool: wide-ranging survey of American art in the latter half of this century. Among the artists represented are Georgia O'Keeffe, Jackson Pollock, Andy Warhol and Chuck Close; to Sep 7

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Weekend Investor

Wall Street

Fireworks mark a capital performance

But will the good times continue? John Authers reports from a former colony

There were fireworks and pageantry this week as a former crown colony marked the end of British rule. In part, it was a celebration of the capitalism that had turned the colony into a global powerhouse. Amid the festivities, though, there was one burning question for the financiers centred in their clutter of skyscrapers: could the good times last?

The answer, this Fourth of July, was an unequivocal "yes". American capitalism in general, and Wall Street in particular, is still doing fine. As it started its 222nd year of independence yesterday, the United States could point to renewed growth in the first half of 1997 and a bull market that continues to roar.

Since January, the Standard & Poor's 500 composite index, generally accepted as the fairest indicator of the stock market's overall strength, has gained 19.5 per cent. The Dow Jones Industrial Average of 30 stocks almost kept up this pace, gaining 18.9 per cent.

These gains, remarkable after two successive stellar years for the market, came in spite of a worrying correction of almost 10 per cent at the end of March. This means that most of the gains for the half have been amassed during the past three months.

The largest companies fared best, but a look at the anatomy of the first six months suggests few investors are making a negative "flight for quality".

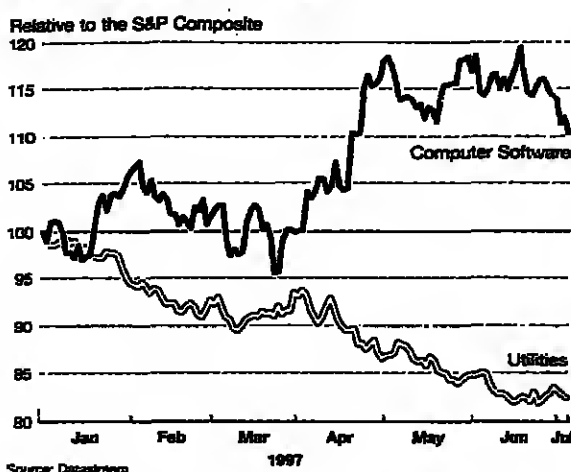
The Russell 2000 index of small companies underperformed the bigger stocks, but still showed a significant recovery, gaining 9.31 per cent for the first half. Its performance in the second quarter was almost exactly in line with the S&P.

Gold, generally regarded as a safe haven when investors are nervous, was the weakest sector measured by S&P, falling 16.8 per cent in the first six months.

Perhaps more significantly, the utilities sector, a safe haven in modern times with a relatively constant demand for its products, also underperformed significantly. It lost 0.2 per cent for the first six months.

Meanwhile, trucking, an

Safe havens out of favour



all-American activity not usually connected with stock market bubbles, made the highest returns. The trucks and parts sector gained 57.1 per cent.

Several manufacturing industries managed to outperform the index, but the growth sectors of the economy continued to be the principal spur of the stock market. Technology, which paced last year's rally, continued to lead the way and gained 24.3 per cent.

The growth in semi-conductors moderated slightly, with the sector gaining only 17.6 per cent, but computer software grew at a remarkable rate - up 39.2 per cent in six months - thanks to the continued power of the internet.

Microsoft, a company which already had logged a great deal of expansion at the beginning of the year, paced the sector with a gain of 52.96 per cent while Dell Computer, one of last year's stars, was the best performer in the S&P 500, gaining 121 per cent in six months.

The stock market's other big performer was the financial sector itself, although this was not surprising. Wall Street, and not just the securities industry, also had a great six months.

Domestically, the mutual fund (unit trust) industry continued to persuade American small investors to pour their savings into stocks at a record rate. Total inflows were slightly below last year's all-time highs but remain well ahead of historical norms in spite of the continued failure of most of the

industry to match the index.

According to Lipper Analytical Services, the only US fund sector to beat the S&P 500 was, alarmingly, the only sector which did not attempt to. The 73 S&P 500 Objective funds, which merely attempt to replicate the performance of the index, gained 20.27 per cent in the first six months.

No other generalised sector even came close, with small-cap funds up only 8.98 per cent and, more damningly, capital appreciation funds up by 10.16 per cent.

This was appalling underperformance as an industry, although the fact that the biggest gains came in the large stocks represented in the index had much to do with it.

Overseas, Wall Street also sold itself well. According to the Securities Industry Association in a report published this week, Europeans bought a net \$10.8bn of US equities in the first three months alone. This was far ahead of the \$6.5bn which they sold during the whole of 1996.

The third quarter is off to a sound start, too. Before traders took yesterday off to watch fireworks over the East Hudson River, they had time to digest an unemployment report which suggested the economy was not overheating, and to bid up the Dow to another high.

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Dow Jones Ind Average

Monday	7672.79	-14.83
Tuesday	7722.33	+48.54
Wednesday	7785.38	+73.05
Thursday	7895.81	+100.43
Friday		Market closed

London

All eyes are on the Bank

Curbing demand is on the cards, says Jane Fuller

The consumers' victory over companies on Budget day caused a certain amount of booring by economists. All eyes are now on the newly independent Bank of England to do the dirty work of restraining demand by raising interest rates.

The monetary policy committee meets on Thursday and the betting seems to be on a 1.5 point rise in base rates to 6 per cent, with 7 per cent looming by the end of the year.

Meanwhile, the UK equity market's reaction was so volatile that many investors held back. That volatility reflected the two-way pulls going on as the pros and cons were weighed up for the market and its divergent sectors.

Over the week, the pros prevailed in the FTSE 100. It opened at 4,840, down from its June 13 high of 4,793.1, and rose to a new record of 4,831.7 on Thursday, helped by a buoyant Wall Street and bid speculation in financial services. Once again the Mid 230 and the SmallCap indices were left behind.

While reaction to the Budget was mixed, one message was clear: the prospect of higher interest rates sent the pound even higher, to about DM2.96 yesterday. This left more blood on the carpet among the exporters. The Group was the worst FTSE 100 performer on Thursday, falling 32.4p to 479.4p. GEN slipped 59.4p to 959p. Other groups with high exposures to continental Europe include RMC and Redland in building materials.

But with the FTSE All-Share underperforming Frankfurt, Paris and even Wall Street by 10-20 per cent this year, one stock's loss tends to be another's gain because investors have no compelling reason to forsake the UK market.

The winners are the high

domestic earners, notably retail banks and others offering financial services, supermarkets and housebuilders. J Sainsbury, which has been as low as 307p in the past year, gained 13p to close at 376.4p yesterday.

The utilities also make the bulk of their profits in the UK, and many water and electricity stocks bounced back after the Budget, despite the 25.2bn windfall tax. The bid news was in the price, certainty was a bonus.

Of course, there were winners and losers here, too. The windfall tax formula, based on profits in the first four years after privatisation, treated British Telecommunications and BAA, the airports operator, better than expected, but hit the multi-utilities (water and electricity combinations). The Welsh group Hydras launched a "fundamental review" of its finances - its estimated tax bill of £280m is £90m more than expected.



George and his committee are expected to do the dirty work

The Budget's other big corporate hit was the abolition of tax credits on dividends for institutional investors. This saved the government nearly £4bn but cut pension funds' dividend income by 20 per cent less. Some Tory supporters compared this "pension fund raid" with that of Robert Maxwell.

Another way of looking at it is via the yield on equities: the All-Share falls from a gross yield of about 3.4 per cent to about 2.7 per cent, for instance. This compares with a 7 per cent yield on 10-year government bonds.

For companies the question is: will they have to increase contributions, or cease holidaying, to top up funds which have had their values cut?

Equity researchers have been producing tables of companies most vulnerable to increased pension fund costs. Their common characteristics are that they are old and industrial - such as ICI and British Aerospace - and may once have been state-owned: British Steel and British Airways.

If they are high yielders, they may also be in a poor position to respond to any pressure from income fund investors to increase dividends to compensate for the loss of the tax credit. British Steel was yielding about 9 per cent gross yesterday, just over 7 per cent net.

But as with the windfall tax, the removal of the tax credit had been flagged before the Budget, giving the market a chance to factor in the effects. Arguments are still going on over whether it

has fully done this yet.

The pain was, however, relieved by Brown's biggest surprise - a cut in corporation tax from 33 to 31 per cent. This delivers a 3 per cent increase in earnings per share to companies paying that rate.

Robert Buckland, UK equities strategist at HSBC James Capel, estimates that this amounts to an immediate gateway of about £1bn to quoted companies, at least half offsetting the impact on pension costs - which will take some time to work its way through.

Mark Tinker, UK strategist at UBS Research, also points to the value of a Labour risk removed. He had thought there was an outside chance of corporation tax being raised to 35 per cent.

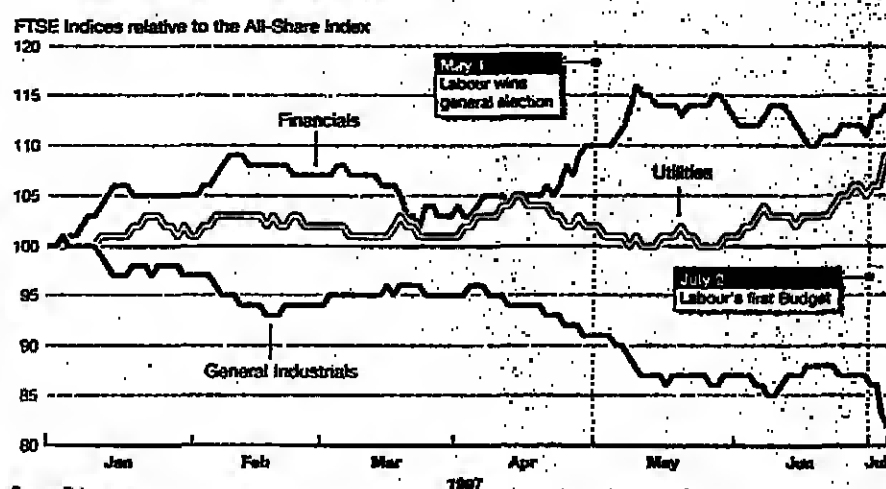
This may be some consolation for British Steel, a company hit both directly and indirectly (via the stronger pound) by the Budget. At least it had not resorted to paying a foreign income dividend, which was also abolished.

Faced with this twin attack on payouts, some companies may look at other forms of distribution to shareholders, such as share buy-backs or scrip dividends.

Investors will have their work cut out spotting the stocks that win most from these changes. But it is what individuals are up to on the high street that will most concern sceptical economists.

Over to you for the cold water, Eddie George.

Old Labour favourites lose out



Highlights of the week

	Price	Change	52 week	52 week
	Yday	90 Week	High	Low
FTSE 100 Index	4812.8	+172.5	4831.7	3612.6
Amersham Int	1615	+222%	1850	940
Aeda	132 1/2	+8%	138 1/2	100 1/2
British Steel	137 1/2	-11 1/2	198 1/2	133 1/2
Eurochem	75	+12	117	61 1/2
GLS	590	-28	706 1/2	579
Kingfisher	656	-40	741	597 1/2
Land Securities	910 1/2	+57 1/2	928 1/2	608
National Grid	247	+28	254	164 1/2
NetWest Bank	887 1/2	+77	886 1/2	612 1/2
RMC Group	913 1/2	-63	1198 1/2	876 1/2
Scottish & Newcastle	685	+34	712 1/2	527
Severn Trent	844	+79 1/2	883	518
Tesco	394	+22 1/2	407 1/2	273 1/2
TI Group	473 1/2	-54	594 1/2	450

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Barry Riley

Yields looking a little thin

The dividend tax rise is a threat to the stock market



In dusty back rooms, the learned investment experts who control the indices and stock market statistics are discussing just what the dividend yield is on shares in the UK after Gordon Brown's raid on pension fund dividend tax relief.

This is far from being an abstract academic issue. There could be a step change in the levels of the yields and ratios that determine share prices. For UK pension funds, the biggest investors in the London market, the dividend yield is now 2.7 per cent.

Only a few investors, mostly only temporarily, will be able to receive the notional 3.4 per cent gross income. For higher rate taxpayers, meanwhile, the net yield remains just 2 per cent.

This week the stock market showed a blissful disregard for such considerations. After all, the cut in corporation tax from 33 to 31 per cent has actually increased earnings per share by 3 per cent. But if you measure them, dividend yields have already fallen very low.

Now there is a chance that companies will lose interest in high distributions because they will no longer have a tax incentive to keep pumping dividends into each other's pension schemes and the extraordinarily high recent rate of dividend growth (9 per cent annually for four years) will abruptly tail away.

Dividend yields have dipped down to near 3 per cent before - in 1972, for instance, and 1987 -

but never for long, and such a level has always been a selling signal. But could we now be seeing a fundamental shift in the nature of equity market investment?

Over the long term, British company shares have offered, on average, a solid 5 per cent dividend yield and the good chance of some extra capital growth on top. But most of the return, in real terms, has come

If equity investors are to receive attractive returns they will have to rely more on capital gains

through the dividend. According to the latest BZW Equity-Gilt Study, the annual real capital gain averaged over the 75 years covered has been 2.8 per cent. Admittedly the money illusion can make it look like more - 6 or 7 per cent, in fact. It follows that if equity investors are to receive attractive total returns from this point in time they will have to rely more on capital gains. This applies still more in the US, where the average dividend yield is only 1.7 per cent.

Such a shift of emphasis promises to make equities riskier. A good dividend provides fundamental value, and gives downside protection in bad times. And although individual dividends may be cut it is almost unknown in recent history for such a problem seriously to affect a whole diversified portfolio.

The yield famine is being

exacerbated by an acceleration of the economy, which is pushing up short-term interest rates. As soon as next week, when the Bank of England's Monetary Policy Committee will meet, bank base rates could be hoisted to 7 per cent, as much as can now be earned on the longest-dated gilt-edged bonds.

So what will happen, in such circumstances, if the statistical

tables suddenly show a stock market dividend yield of only 2.7 per cent?

This will push the ratio of gilt-to-equity yields up from a moderate 2.1 to a historically very testing 2.6. There is also the question of the relationship with index-linked gilts. Historically, equities have normally yielded more than these linkers, by something like 0.5 percentage points, giving an allowance for higher risk. In the equity bull market this margin has already closed, and now it could appear that equities yield getting on for 1 percentage point less.

For the moment, it seems, international investors (especially Americans) are stepping into the breach. On earnings-based valuations they see the UK market as being comparatively cheap: the average prospective price-earnings ratio on 1997 estimates may be just 17 against well over

20 in France and Germany, for instance. Such investors are not really very interested in dividends, having adapted their thinking to the growth culture that now dominates the US market.

Significantly, this week's spectacular rebound has been almost entirely confined to the blue chips in the Footsie Index. Meanwhile, the FTSE SmallCap index of stock market minnows has gone nowhere at all, and perhaps that is not surprising when its constituent companies are often being clobbered by a rampant sterling exchange rate, and the small company sector's Browned-off dividend yield is a mere 2.5 per cent.

In their current mood the markets appear to regard the dividend tax change as a mere technicality. Perhaps this is a symptom of globalisation, so that values in leading stock and bond markets are set by international influences, and changes in domestic taxes and interest rates are of little immediate consequence. Or maybe it is simply a sign of the late stages of a bull market in which the bears of which there have been many ahead of the Budget) are trampled by the bullish herd.

But as short-term interest rates edge up to 7 and 7 1/2 per cent (there has even been an outlying City forecast of 9 per cent) the pressures will grow. In the next bear market what level of dividend yield will offer solid support?

I suspect it will have to be a lot higher than 2.7 per cent.

Offshore managed funds and UK managed funds are listed in Section One

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FT WEEKEND

True Fiction

A nice girl and her solo number

Peter Aspden meets Debs on a park bench and is moved by her sad tale of rejection

She was sitting on a park bench, the epitome of style. Emma Peel rubber jump suit, Prada wedges, a studded belt she had picked up at the Jackie O auction for just £25. Up to date? She was wearing a Swatch commemorating the death of James Stewart. A small badge on her left breast proclaimed: "The British tennis revival starts here".

A fresh face was betrayed by a mournful glaze in her too-made-up eyes. I sat down next to her, nervous of assuming a harassing disposition but equally anxious to establish a physical rapport, however slight. It is the modern condition, nervousness. In the end, conversation came easily as we were picking at the same brand of take-away sushi. We had both tasted better, and said so.

Her name was Deborah, or Debs, and her story was affect-

ing. Her tone was neutral, devoid of nuance, but there was self-pity - a telling waver whenever she stressed a point. She explained that she should have been one of the richest women in Britain, but things had gone against her.

"Things?" I asked. "Fate, destiny, Enchilada Central, call it what you will. As flies to wanton boys are we..." she trailed off, testing me out. I picked up the reference, and replied with added top-spin: "Out, vile jelly!" while squeezing congealed rice out of its

sheath of dried seaweed. She appreciated that, and laughed. Debs decided to open her heart to me.

She had been involved in an international conglomerate with five other key players; they were bright, young, attractive and had made a spectacular rise to the top of their field. She was vague about the details. Their solidarity was strong. They made blood bonds, swore to look after each other through thick and thin, "although we promised it would always be thin." I took the point. Her shoulder

blades were pure Victorian.

Things had gone really well for a while. They were all pulling in the same direction, sparking off each other, using creative tension positively and focusing on common objectives to achieve mutually agreed goals while embracing change. I guessed a business books publishing scam, but she laughed at my attempted ingenueness.

They were more like a group of performance artists, and in a short time they were *hot*. Their first work was a treatise on the nature of volition, a little hit

philosophical but made accessible to a mass audience. People loved it, and they climbed to the very top of their tree. But success changes people, she said. So did big money.

Her five colleagues had begun to gang up on her, leaving her out of important meetings, marginalising her. They used a variety of tactics: one would frighten her, the other would pull social rank; one would come over all naive and innocent, while another resorted to physical threats. The final member, a temperamental redhead,

began to terrify her.

Debs needed a moment or two to pull herself together. She was caught up in the flow of her own narrative, which had become more and more frenzied as we reached her troubling *dénouement*. She regained her composure and continued.

The harder she had tried, the worse it seemed to get. Soon her adversaries began to get more explicit. Debs no longer fitted in. Her qualms about the incessant haste of their success and the quality of their product was bringing them all down. There

was no room for faint hearts. She was with them, or against them. And actually, they had decided. It was unanimous.

So here she was, on the streets. I had warned to Debs. She had a way of tempering her melancholy with a soft, life-affirming look that demanded attention.

We said our goodbyes. I was dying to know more about her story, which sounded so exotic, yet at the same time, ordinary. But she was all wrong out. I decided to give her a break.

As she turned her back, I could just make out some lettering on the back of her jump-suit. It looked like she had tried to erase the words, and left me thinking how different the world might have been if Debs had managed to hang on in there.

"Nice Spice," the jump-suit said. Tough break, I thought.

Arcadia

Tally-ho townies have rustics on the run

More than fox-hunting is under attack, says Christian Tyler

English country houses are museums, and their parks are playgrounds. The woods around the ragged gunfire of businessmen who pay to take pot shots at pheasants, and the grunts of office managers who pay to crawl through the undergrowth in search of self-improvement.

City dwellers battling down the motorway at the weekend in shiny Range Rovers are invited to visit a toy farm where, for a small entrance fee, they can see a cow being milked and a hen laying an egg.

The descendants of the rustics who left the land during the Industrial Revolution are moving back. They are taking over the countryside and tidying up the mess.

But the peasants are in revolt and the pitchforks are coming up the drive. Next Thursday, 100,000 people, from dukes to ditch-diggers, are expected to join a demonstration in Hyde Park, London. The organisers say the protest is not just about a Labour MP's private hill to abolish fox-hunting, not just about defending country pursuits, but about "the political future of rural areas".

This is not about recre-

ation, in other words, but survival. "We are being taken over by weekenders," says Bill Ewins, who farms 104 acres in Dorset. "They come in and change everything, and the next thing is they're on the council."

"Town people just don't understand country life," added his wife Dorothy. "The whole social life of the country is tied up with hunting, or the church."

The demographic fact is that only about a fifth of Britons are classed as rural inhabitants, including those in country towns. The true figure may be nearer one eighth. Thanks to the efficiency of British farming, and a European subsidy system that enables big farms to drive out small ones, the number of agricultural workers in the UK continues to fall. There were 160,000 regular employees in 1995, a number not much bigger than the crowd expected in London on Thursday.

The political consequence is that urban dwellers dominate the county councils and the national parliament at Westminster. Where once industrial workers learned to their cost, life in the country is not all pine dressers and hanging baskets. It can be tough out there.

daughters of the working class are the political masters now.

So whose idea of the country should prevail? That of the city dweller - or urban refugee - with his delicate sensibilities and romantic notions? Or that of the robust but dwindling rural minority which is not

But the peasants are in revolt and the pitchforks are coming up the drive

affronted by a little mud and blood?

For, as many start-eyed city migrants have learned to their cost, life in the country is not all pine dressers and hanging baskets. It can be tough out there.

In days gone by, a country

gentleman was someone who lived on his acres and came up to town to visit his club and his tailor. Today he is someone who earns a packet in the city and goes down to the country at weekends where he socialises with his City friends.

Like other townies, he shows a suburban intolerance for the muck, noise and smell of farm life - the rattle of the tractor in the field, the boom of the grain dryer, the stench of silage and liquid manure. He is offended by the litter of blue polythene sacks in the hedges and the old barrow rusting in the corner of the field.

Not long ago, a pig farm near the Ewins' was shut down after a complaint about the smell. Another farmer was taken to court because his dog was barking. He won the case, but it cost him £2,000. And everybody knows the true story of the cockerel that was banished by court order for waking the neighbours at dawn.

Even farmers feel the hazards. The front page of last week's Dorset edition of the *Western Gazette* trumpeted: "Wild Boar Alert". The story told of a farmer who was charged by a feral sow defending her piglets and had to run for it. There are persistent reports of pumas savaging sheep, and escaped mink are everywhere.

The townsman cannot understand the countryman, and vice versa. A farmer in Kent, who lives on terrain too broken up for fox-hunting, described recently how he and his son shot foxes by driving over the fields at night and picking them off in the headlights.

The highest haul he had heard of was made possible by the pest control department of a London borough. Wall-meaning council officials had rounded up and packed into a van 19 foxes that were digging up suburban gardens and rooting in the dustbins. They drove them out to Kent, where

they set them free. Bemused, the foxes stood in a field, wondering where the next dustbin was coming from. While they were thus pondering, a couple of farmers armed with shotguns rose from behind a hedge and shot the lot.

"A lot of people think the hunt is made up of the rich pursuing a sentient being," says the Marchioness of Worcester, an environmental campaigner whose father-in-law, the Duke of Beaufort, has the smartest hunt in Britain. "That is such a misconception. Hunting saves wildlife and the entire ecological system."

Lady Worcester says she and her family will be at Thursday's rally.

Country people, according to the British Field Sports Society, find themselves at the mercy of urban parliamentarians and an ignorant public. Janet George, its spokeswoman, said farmers went up to their necks in debt to manage their businesses, but their children could not afford property prices. "A lot of villages have lost their shop and their pub because the people living there won't buy anything in the village."

The rural lobby has beaten off the abolitionists before. Dorothy Ewins remembers the protest in 1949 when

another Labour MP in another new Labour government tried to get fox-hunting banned. His bill was withdrawn under pressure from the whips, and a committee was appointed to look into the cruelty question. In spite of Labour's manifesto pledge to have a free vote on hunting, something similar is likely to happen to Michael Foster's Bill after its second reading at the end of November.

Meanwhile the Ewins' farm will not be passing to their son. After three generations, it is no longer viable. "We have survived, but this is the end," says Dorothy Ewins.



Metropolis

How green was my envy?

Washington's elite begs to be included in its 'Social List'. Rachel Johnson reports

In a basement in an affluent, but not overly-fashionable, Washington suburb, a full-time staff of eight are putting the world's most powerful individuals in their place. The elite may gather in the Congressional Country Club, the University Club and in the ruffe-curtained salons of Georgetown, but there is no gathering to compare with the combined clout of the names in the Green Book.

When the 1998 edition of what is formally known as "The Social List of Washington DC and Social Precedence in Washington" is published in early October another set of important and self-important individuals will discover that they did not make the book and are nobody in this town.

Just to hold a soft, felt-bound copy in your hands gives a faintly illicit thrill. If you're not in it, you shouldn't have one. To buy it, you have to pay \$60, and you have to be a listed member. To be listed, three current members must write letters of recommendation to the publisher, Peter Murray. Then a board of five decides whether the proposed newcomer will make the grade. "It's not a bline blood list," insists Murray. "The com-

mittee has to assess whether a new name is a socially active member of Washington society."

Of the 600 pages, it's the Social List, 280 pages of delicious snobbery from Mrs Henry Abbott to Mrs Werth Vanderbilt Zuver, that has social climbers sending crates of whisky and making begging calls to the Kensington office at this time of year in self-defeating bids for inclusion.

"This isn't a snooty type of thing," says Anne Liu, the editor. "It's a tool. You can use the Green Book to see which kids attend the same school as your own, and then call up their parents."

Indeed you can. Each entry lists the name, address and telephone number of the socially active Washingtonian. So, in a random entry, one will learn that daughter "Miss Sally Christine" is "at Plotchkiss" and that "Mr William Jr" attends St Albans.

And then, one's eyes are no doubt meant to pop enviously at the mention of the second home in Virginia, the apartment in New York and the beach house in Florida. In a country where wealth and status go hand in hand, it's a heaven-sent invitation to broadcast success.

But there's more to the Green Book than self-advertisement. After the Social List comes a meticulous section on protocol, address of officials and social forms. It begins, sternly: "The necessity of following the rules of protocol in the Nation's Capital is of momentous importance." It gives indispen-

Another set of individuals will discover that they are nobody in this town

able advice, such as how to address the President or any other official in the course of a "prolonged conversation". (Sir or Madam, we learn, is perfectly proper.)

The Green Book runs a protocol service for subscribers; in the office, Anne Liu takes a call from a business anxious about a seating plan. It is difficult not to sympathise with the caller, whose twitting questions echo around the office.

As Liu explains, diplomats are straightforward. Ambassadors have to be seated

according to how long they have held their posts in Washington. Senators are trickier. They are seated on the basis of when they were sworn in, but as many are sworn in on the same day, they are also seated according to whose state got to the union first. "You have to get it right. Guests have been known to walk out if they're not seated according to their rank," she warns.

The Green Book is not unique. New York has its Blue Book, which is even older, and Denver and San Francisco have their own versions. But as Washington is the capital of the world's most powerful nation, it carries a certain socio-historical significance as well as a 67-year tradition.

In 1930, the book was a slim mimeographed pamphlet, produced to plug a gap in the traditional blue blood lists, which made no mention of the foreign diplomatic community and the federal power-brokers. Now it reflects the representation of 187 foreign countries, the presence of big business in the capital and the explosive expansion of government.

"We have to reflect what Washington is doing. All these groups are an integral part of social Washington

and have to be listed," says Liu, pragmatically.

Through the years, the book has become less intimate and more inclusive. One suspects that some mourn the passing of the days when divorcees were automatically removed from its pages. The first black appeared in 1973, and declared there was "an element of loathing in the euphoria of being accepted".

Now there are plenty of African-American and Asian socialites on the list.

Though some insiders suggest critically that the Green Book has become more of a telephone directory, its cachet has not diminished with the out-crowd.

When she discovered that I was to visit the sanctum sanctorum in Kensington, one Washingtonian begged: "Please, please see if you can get me a copy. I've lived in this town for 25 years, and I've never been able to get my hands on one."

Well, I was given a copy. But it's worth its weight in gold and I'm keeping it to myself.

Chinese No. 1182: 1 R7 g3 2 B4 K2 3 B7 K1 4 B3 K2 5 R1 mate.

Van Gogh

La Moisson en Provence, 1888



Sold at Sotheby's for £8.8 million in June, 1997

A World Auction Record for a Work on Paper by the Artist

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INVESTMENT TRUSTS - Contd

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SUBJECT: [REDACTED]

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Country	Year	Value	Unit
Algeria	1970	113	1000
Algeria	1971	113	1000
Algeria	1972	113	1000
Algeria	1973	113	1000
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صعدنا من الوهل

COMPANIES AND FINANCE

Brothers who founded Argent to quit

By Virginia Marsh

Mr Peter Freeman and his brother, Michael, announced yesterday that they were leaving Argent and selling most of their holdings in the UK property investment and development company they floated just three years ago.

The move angered some institutional investors.

The brothers, who founded Argent in the 1980s, are selling a stake of about 7 per cent for about £11.5m, along-

side other directors and the US investment bank Warburg Pincus, the largest shareholder, which is selling about 23 per cent.

The total holding of 39.5 per cent has been sold to the property arm of the BT Pension Scheme, the UK's largest pension fund, at 87p a share - a near 17 per cent discount to Thursday's closing price.

The deal will give the pension scheme, which is making the purchase through its

subsidiary, BritTel Property, a 40.2 per cent stake and trigger a mandatory bid at 375p a share under Stock Exchange rules.

This values the company, which has been one of the best rated in its sector, at about £240m.

The shares fell 77½p to 372½p yesterday. This compares with a flotation price of 255p in June 1994 and net asset value per share of 312p at the last valuation in December. The sale took by

surprise other shareholders, which include Royal Insurance, Gartmore, Prudential and Schroders.

"We've been left high and dry. We thought we were backing two individuals committed to running their own public investment vehicle," said one institutional investor.

"We're being left as a minority shareholder in a completely different company. The sale could have been structured to satisfy

more shareholders."

Mr Peter Freeman, who will step down as joint chief executive with his brother in a year's time, said they wanted to return to private business where they could invest in higher-risk, hands-on projects without the constraints of running a public company.

"When we floated Argent we expected to stay more or less for ever, but we found we had to run the company in a more conservative

manner to suit the City," he said.

Warburg Pincus, a pre-floatation investor, had also been looking for a route to realise its investment in the company. The bank sold half its original stake of 45 per cent in 1996 at 388p a share.

Argent said it hoped to maintain Argent's listing but that this would depend on whether the exchange considered the stock sufficiently liquid once the results of the offer were known.

Mirror Group agreed £297m bid for MIN

By Richard Wolfe

Mirror Group yesterday sought to become a substantial force in English regional and national newspapers with an agreed £297m (£490.05m) bid for Midland Independent Newspapers.

The deal, if approved by the Monopolies and Mergers Commission, would add regional titles to the Mirror's base of national newspapers.

Mr David Montgomery, chief executive of Mirror Group, said: "There is very limited risk here. We are not entering the world of digital television, where you need a lot of investment. We are dealing with a highly profitable business which we can make more profitable with the tactics we have used in the past."

The price came at the top end of City forecasts, valuing the Birmingham-based group at 210p a share compared with 149p when news of the bid emerged last month. Mirror Group said the price was justified by MIN's expectations of a 59 per cent rise in pre-tax profits from £9.3m to £14.5m, before exceptional charges, in the first half of this year.

Mr Montgomery said a combined group would offer immediate savings worth £5m through cuts in administrative overheads and bulk purchase of newspaper.

Mirror Group also expects "quite significant" benefits from integrating advertising sales, printing and distribution. Editorial content is also likely to be shared between the regional and national titles.

Analysts said the deal reflected Mirror Group's frustration at cross-media ownership laws in the UK. Informal talks between Mirror and other media groups - including Carlton Communications and Pearson, the owner of the Financial Times - failed to progress last year.

Instead Mirror Group secured its first regional deal with the £15m purchase last year of the Belfast-based Newsletter, the UK's oldest daily newspaper. Mirror bought 25 per cent of MIN shares yesterday at 210p, and MIN shares closed up 7p at 196½p. Mirror shares rose 14½p to 200½p. Details of a share alternative to the cash bid will be announced if the deal wins MMC backing.



Train spotter Peter Newey said higher consumer spending had not spread to model field

Hornby unsettled by warning

By Anatol Lieven

A 16 per cent improvement in like-for-like sales of its core model railway and Scalextric car racing products helped Hornby return to the black with full-year pre-tax profits of £2.65m.

However, a warning from Mr Peter Newey, chairman, that trading with multiple retailers was mixed and that increased consumer spending has not spread to the toy and model field left the shares down 15½p at 253p.

The UK group mounted a sharp recovery in the year to March 31 after a pre-tax deficit of £5.16m in the comparable 15 month period, which mainly reflected losses

on the sale in February 1996 of its Fletcher Sports Boats offshoot in the US. Hornby has also discontinued its toy range, and overall sales fell from £38.6m to £29.5m.

In December, Nikko of Japan decided to distribute its own products in the UK, ending its distribution arrangement with Hornby. Nikko accounted for £3.5m of Hornby's sales last year.

Analysts said the market for toys was changing, with children "growing older younger" and demanding fashionable clothes instead of toys.

In response, Hornby was concentrating on sophisticated products with higher profit margins. This has also involved selling less to children and more to adult males.

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Top pay doubles at London Clubs

By Scheherazade Daneshmandi, Leisure Industries Correspondent

The total pay of directors at London Clubs International, which in February launched a £192m hostile bid for rival casino operator Capital Corporation, doubled in the year to March 30.

The company's four executive directors received a rise in total remuneration from £1.2m to £2.4m. The pay package of Mr Alan Goodenough, chief executive, rose from £405,000 to £831,000, including bonuses amounting to £544,000.

The payments were made under a four-year bonus scheme introduced when the company floated at 100p in June 1994. However, the bonus scheme was discontinued in March after the introduction of a long-term incentive plan.

The Monopolies and Mergers Commission report on the bid is complete and will be sent to the Department of Trade and Industry on Monday.

London Clubs' 47-for-100 share bid for Capital lapsed in April, after the Office of Fair Trading referred the proposed merger citing competition concerns. London Clubs said yesterday that it had not decided whether to make a new offer if the DTI clears the bid.

A successful takeover would have given London Clubs up to 65 per cent of the drop - the amount exchanged for chips - in London and nine out of the capital's 21 casinos.

No time-scale has been set for publication of the report, but its findings are expected to be made public within 21 days. Mrs Margaret Beckett, the trade and industry secretary, who last week blocked the merger with Carlsberg-Tetley, is believed to favour tough action on bids which raise competition concerns.

London Clubs shares, which rose during the bid, have fallen from a high of 418p to March. The rise to 388p last night. Capital Corporation shares shed ½p to 186½p.

Display.IT pressed over sales claims

By Nicholas Denton

Display.IT, the UK software company, came under further pressure yesterday to back up its sales claims as its shares dropped lower in trading on the Oxfex over-the-counter market.

Company advisers are understood to have given Display.IT until early next week to substantiate its association with Mr Ross Perot, after representatives of the US billionaire denied any connection.

Advisers are asking for the names of the entities behind Alsinia, a Luxembourg-registered company through which Display.IT claims it is

selling 520,000 copies of the software it developed. Display.IT shares, which hit 810p earlier this year on enthusiasm for the internet, closed off 40p at 390p.

They had lost 100p earlier in the day, but recovered after a statement from Mr Peter Levin, chief executive, whose 63 per cent stake is on paper, one of the UK's biggest internet fortunes.

Mr Levin, blaming rumours on "a concerted and continuing bear raid" by speculators, said half the £11.5m Alsinia contract had already been received. As a sign of confidence, he said he had bought 7,500 shares in this company this week.

Stena chafes at delay on EU ferry merger decision

By Charles Gresser

Stena Line, the ferry operator, said yesterday that "frustration was mounting" as both it and P&O wait to hear whether they will be allowed to merge their cross-Channel ferry operations.

A decision from Mrs Margaret Beckett, the trade and industry secretary, has been expected for weeks.

Stena said: "The concern is the longer the waiting goes on, the more difficult it is to knot the two businesses together... The sooner we can take out the cost the better." Stena's B shares lost

SKR0.5 to close at SKR38 in Stockholm.

The joint venture will enable the two companies to cut overcapacity in the cross-Channel market by withdrawing three ferries from the Dover-Calais route. Between them, the two offer 45 return sailings a day.

However, P&O said overcapacity was not a pressing issue over the peak summer season. Its bookings are understood to be running 50 per cent ahead of last year, buoyed in part by holiday-makers taking advantage of the strength of sterling. P&O said it too would be

"keen to get on with the merger", which could yield it annual savings of some £75m. P&O's shares shed 8½p to 614½p yesterday. They have slid down from 640p since May.

The French competition authorities have already approved the Stena/P&O deal. Last month, Brussels sent a letter to both companies expressing "serious doubts". However, executives at the companies are understood to be confident the deal will soon be approved by the European Commission, provided its concerns were addressed.

PGA shares fall on profit caution

By Patrick Haverson

Shares in PGA European Tour Courses lost 16 per cent of their value yesterday after the golf course operator issued a profits warning, accepted the resignation of its managing director and announced a significant retrenchment of its expansion strategy.

The company said trading in the first half of the year had been affected by the strength of sterling - it has a number of courses in continental Europe - and warned that results for the full year would be "materially below market expectations", even before exceptional costs.

Peel Hunt, the company's stockbroker, had forecast 1997 profits would be virtually unchanged from last year at £2.8m. The resignation of Mr Sean Kelly, managing director, was accepted yesterday. His departure came as PGA decided to abandon its plan to increase its portfolio of top European golf courses from eight to 20.

Instead, the company will pursue a strategy based upon operating "flagship" golfing venues, and developing the commercial activities around the televised European PGA Tour events held at the courses.

Mr Kelly's responsibilities will be taken over by Mr Richard Thompson, chairman.

The shares fell 8½p to 51½p.

Fortune Oil to grow via £23.4m rights

By Emilio Terazono

Fortune Oil, the UK petroleum trading, distribution and marketing group which focuses on China, yesterday announced a £23.4m rights issue.

The company, which relies on its Chinese oil trading business for the bulk of its profits, will use the proceeds from the 3-for-14 issue at 11p to finance its aviation fuel joint venture which will supply airports in central and southern China.

Some of the new money will also be used to fund the expansion of its petrol station operations in China, and to reduce debt.

Fortune will issue a total of 244m rights shares, bringing the total to 1.3bn. According to Moore Govett, the house broker, the issue will increase the company's net assets to £43.7m.

Mr Barry Cheung, the Hong Kong-based chief executive, said the company's shareholder structure was unlikely to change because

of the rights issue. First Level, which owns more than 83 per cent of Fortune, has given an irrevocable undertaking to take up its total entitlement. The balance is underwritten by Hoare Govett.

Fortune, which was listed in August 1988 at 3½p, has seen its growth supported by sales of crude oil and oil products into China, the provision of oil-related infrastructure, including oil terminals and storage, and the distribution of fuel and lubrication.

The company hopes to decrease its reliance on the oil trading business and increase its focus on distribution, marketing and infrastructure investments.

For 1996 Fortune reported a 60 per cent rise in pre-tax profits to £23.5m, while sales rose to £391.9m.

Dealing in the rights shares is expected to start on July 23.

The shares yesterday closed unchanged at 15½p.

NEWS DIGEST

Eurotunnel shuttle setback

Eurostar high-speed train services achieved a sharp increase in passenger numbers through the Channel tunnel in June but traffic on Eurotunnel's passenger shuttles dipped slightly compared with the same month last year. Passengers travelling on Eurostar services between London, Paris and Brussels rose 19 per cent from 439,134 in June 1996 to 524,520 last month, making a total of 2.7m in the year so far.

Passenger shuttle numbers, including cars and coaches, fell from 185,762 in June last year to 180,730. The number of cars fell to 175,538, against 177,825, while coach numbers fell to 5,987 to 5,202.

Long-distance rail freight services carried 275,225 tonnes, up from 227,506 tonnes last year to establish a new monthly record. Freight shuttles, which were halted following a fire last November, resumed in mid-June and carried 15,683 lorries compared with 48,028 in June 1996.

Eurotunnel said it was pleased with the rapid recovery of freight shuttle business. This had been helped by an introductory offer to hauliers which led to a further 10,373 lorries being carried free in June in advance of the re-opening of the commercial service.

The latest figures come as Eurotunnel prepares for an extraordinary meeting on July 10 at which shareholders will vote on the company's £3.5bn restructuring plan with its creditor banks.

Prospects for the plan being approved look strong following the decision last week of one large institutional investor and an influential association of individual shareholders to switch views and support the deal.

The company's case was also boosted by the decision of the British and French governments to agree to an extension of at least 34 years to the operating concession for the Channel tunnel rail link, which is expected to expire in 2062.

Eurotunnel must still achieve a quorum of 230m votes for this week's extraordinary meeting to be valid. The restructuring will also require unanimous approval by its 174 creditor banks, in a process expected to be completed during the autumn.

Charles Batchelor in London and Andrew Jack in Paris

Centrica 'take-or-pay' deals

Centrica, the supply business demerged from British Gas, yesterday said it had renegotiated three "take-or-pay" contracts. The separate deals with Amerasia Hess, Enterprise and OMV (UK), were understood to cover about 5m therms of gas from the Beryl field. They cost less than £5m to unwind.

The contracts will be terminated on October 1 next year. This leaves the three companies aligned with Mobil, which ended its contract with Centrica last December.

Mr Kenneth Gardiner, chief negotiator for Centrica, said he expected to announce bigger deals in the coming months.

Yesterday's agreement means that Centrica has now reduced its price and volume commitments on more than 30m therms.

Chrysalis sells mobile unit

Chrysalis, the music and media group, has sold Chrysalis Television Mobiles, its Nottingham-based outside broadcast facilities unit, for £2.95m to companies owned by Mr Malcolm Bartram, its managing director and founder.

The Scanners companies will pay £950,000 in cash, £700,000 over four years, and the remainder in the form of free services to the Chrysalis Group for up to six years.

CTM, which sold its rating services sub-division last year, incurred pre-tax losses of £209,000 on turnover of £3.6m for the year to August 31 1996. The assets will have a net book value on completion of £2.35m.

Chrysalis said the disposal completed the group's strategy of moving out of television facilities as it focused on content provision and programming rights.

Corporate Services buys

Corporate Services Group, the contract labour and training services supplier, yesterday announced three acquisitions for a total of £5.84m cash and the appointment of Collins Stewart as joint stockbroker with Henderson Crosthwaite Institutional Brokers.

Corporate has acquired Rainbrowdridge, which supplies carers to the hospital and local authorities' markets, for £2.5m. It has also purchased two staffing agencies: Southern Appointments, for up to £2m, and Hallmark Staff Services for £1.34m.

Electronics side hits Inteltek

A disappointing contribution from the electronics side at Inteltek left pre-tax profits down at £813,000 for the 11 months to March 31, compared with £1.16m for the previous year.

Mr John Davis, chairman and chief executive of this Swindon-based concern - also involved in communications and aerospace - said the electronics division suffered weak demand for both conventional and microwave circuits.

He added that the aerospace division continued to perform well and that the group order book since the end of May was 34 per cent higher at £10.9m.

Turnover was £24m against £27.2m.

GBE raising £6m

GBE International, the Hampshire-based process engineer, is raising just over \$5m to finance a fundamental restructuring and provide working capital for product development.

Some 37m shares are being placed at 17.55p apiece, with shareholders invited to subscribe for 6.05m on a 1-for-9 basis. The placing and open offer is fully underwritten by Albert B Sharp.

Boost for Wilson Bowden

Shares in Wilson Bowden, the housebuilder, rose by 18p to 534p yesterday after an optimistic trading statement. Having completed its trading for the first half, the group said it was confident of achieving a significant rise in profitability in the full year.

Its property development division had entered into sale agreements on four projects previously announced, and tenancy agreements were 95 per cent complete. Two out-of-town retail developments, which are expected to complete in the second half, had been particularly successful and should achieve better than expected profits.

On the housing side, David Wilson Homes had experienced improved market conditions in the south of England, though the north remained difficult.

FTSE Actuaries Share Indices - Quarterly Valuation The UK Series

	Market cap as at 30/06/97 (£m)	% of All- Share Index	Market cap as at 27/03/97 (£m)	% of All- Share Index	Market cap as at 31/12/96 (£m)	% of All- Share Index
FTSE 100	90881.44	75.01	73887.27	72.86	70696.29	73.07
FTSE 250	194598.37	18.04	169586.84	18.31	160030.54	18.67
FTSE 350	175706.12	16.29	170214.45	17.59	174700.80	18.06
FTSE 400	1003450.81	93.05	934053.81	92.20	897078.83	92.72
FTSE 500	981634.46	91.03	918262.63	92.12	877230.80	92.67
FTSE 500 Higher Yield	432632.59	42.32	480525.78	48.35	451301.83	46.64
FTSE 500 Lower Yield	547086.22	53.73	484448.15	48.85	445777.02	46.07
FTSE SmallCap	74929.34	6.25	70227.39	7.90	70482.19	7.28
FTSE SmallCap ex IT	61676.81	5.72	60327.43	6.58	58851.37	6.03
FTSE All-Share	1078578.15	100.00	1013061.30	100.00	967541.02	100.00
FTSE All-Share ex IT	1043311.27	96.75	979159.58	96.65	935712.19	96.71
10 MINERAL EXTRACTION	107915.83	9.95	98401.04	9.82	96061.52	9.93
12 Extractive Industries	12502.82	1.16	11851.01	1.15	11487.01	1.19
10 Oil Integrated	86327.26	7.91	77155.77	7.72	75459.98	7.80
15 Oil Exploration & Prod	9785.55	0.91	9747.37	0.95	9158.32	0.92
20 GEN INDUSTRIALS	149914.96	13.90	159822.41	15.48	162267.84	16.56
21 Building & Construction	9249.4	0.86	9206.24	0.91	7882.92	0.82
22 Building Metals & Merchs	23161.74	2.15	23283.05	2.30	21083.76	2.18
23 Chemicals	18454.42	1.81	18381.55	1.81	18876.05	1.93
24 Diversified Industrials	20179.27	1.87	22782.53	2.25	27115.93	2.85
25 Electronic & Elect Equip	18270.25	1.69	19706.53	1.95	20027.58	2.07
26 Engineering	36185.07	3.33	40886.54	4.03	41426.14	4.28
27 Engineering Vehicles	6304.4	0.57	6285.75	0.62	6079.95	0.63
28 Paper, Pulp & Printing	8307.95	0.77	10828.56	1.04	10716.46	1.11
29 Textiles & Apparel	2716.72	0.25	2774.01	0.27	2852.96	0.29
30 CONSUMER GOODS	183871.59	17.08	178004.47	17.45	159690.67	16.50
32 Alcoholic Beverages	28921.04	2.68	28903.00	2.87	24348.53	2.52
33 Food Producers	34673.84	3.22	34905.82	3.42	31924.07	3.30
34 Household Goods	6280.85	0.58	5117.30	0.51	4301.69	0.47
35 Health Care	6226.89	0.58	6138.54	0.61	5873.03	0.62
37 Pharmaceuticals	98154.06	9.10	96770.28	9.57	78916.77	7.84
38 Tobacco	20842.22	1.91	18292.42	1.80	16673.98	1.71
40 SERVICES	231923.65	21.51	240137.19	23.70	238990.43	24.38
41 Distributors	8512.01	0.79	8329.22	0.82	9843.54	0.98
42 Leisure & Hotels	21253.62	1.97	22826.12	2.26	21681.33	2.19
43 Media	4353.12	0.39	5704.47	0.55	5742.11	0.58
44 Retailers: Food	25641.78	2.38	24516.06	2.42	25191.80	2.59
45 Retailers: General	50550.49	4.70	53037.09	5.24	52154.79	5.36
47 Breweries: Pubs & Rest.	21867.84	2.01	23061.93	2.28	22829.98	2.34
48 Support Services	23602.34	2.21	23553.92	2.35	23822.55	2.42
49 Transport	28676.75	2.68	28910.08	2.78	28521.77	2.92
60 UTILITIES	112915.58	10.47	108373.15	10.50	100896.95	10.43
62 Electricity	28650.26	2.66	28987.46	2.66	26375.95	2.69
64 Gas Distribution	10952.83	1.21	10018.38	0.98	10399.42	1.07
66 Telecommunications	35075.97	3.17	34878.82	3.42	40166.73	4.18
68 Water	15490.52	1.43	14811.29	1.43	15924.72	1.63
90 NON-FINANCIALS	792641.21	72.94	776938.29	76.86	752945.12	77.81
70 FINANCIALS	247093.09	22.81	195520.32	19.28	188588.07	19.49
71 Insurance	185338.48	15.38	197731.81	11.82	110481.84	11.42
72 Financials: Retail	21228.57	1.97	21386.17	2.11	21039.63	2.13
74 Life Assurance	22198.1	2.05	21611.80	2.13	18918.15	1.93
76 Other Financials	171.69	0.01	1156.11	1.70	10051.23	1.04
78 Property	20577.51	1.82	18535.03	1.98	17731.11	2.00
80 INVESTMENT TRUSTS	35097.96	3.25	33621.72	3.35	31828.83	3.29
85 FTSE All-Share	1078578.15	100.00	1013061.30	100.00	967541.02	100.00
105 FTSE All-Share ex IT	1043311.27	96.75	979159.58	96.65	935712.19	96.71
FTSE Recycling	18327.55	-	197102.88	-	185232.82	-
FTSE Recycling ex IT	14801.98	-	154533.71	-	152459.59	-
FTSE All-Share	5000.78	-	5028.28	-	5026.94	-

COMPANIES AND FINANCE: INTERNATIONAL

Shamrock to push for spin-offs at Koor

By Judy Dempsey in Jerusalem

Shamrock Holdings, the second biggest shareholder in Israel's Koor Industries, is to push for a spin-off of the company's biggest publicly traded subsidiaries. Its proposals could pave the way for the break-up of the holding company.

Mr Stanley Gold, chairman of Koor and president of Shamrock Holdings, which holds more than 30 per cent of Koor, stressed he had not formally proposed anything to the board. However, he said: "We

have suggested it both to Bank Hapoalim [another shareholder] and to the management."

Neither Koor nor Bank Hapoalim, which holds 22.7 per cent of Koor, would comment. But the markets this week reacted to days of rumour that Shamrock's shareholders were anxious to change the structure of Koor. Koor's shares fell 2 per cent in Tel Aviv on Thursday, the last day of trading before the Sabbath.

Mr Gold said he wanted Koor to

spin off its shares in Tadiran, the telecommunications division, and Makhteshim Agan, the chemicals manufacturer.

Tadiran's net income for the first quarter slipped to Shk52.1m (\$14.7m) from Shk82.5m in the same period a year ago, while net income in Makhteshim-Agan rose from Shk41m to Shk44.5m.

Koor's net income fell 4 per cent, from Shk213m in the first quarter of 1996 to Shk205m this time.

Mr Gold's proposals reflect pressure from his own shareholders

and raise questions about the need for holding companies in Israel.

The move by Shamrock will have considerable repercussions. According to Mr Gad Haker, chief analyst at Ilanot-Batucha Investments: "The ramifications are very serious. Stanley Gold wants to unlock Koor's value. The value of the parts is bigger than the sum of the whole."

Mr Benny Gaon, chief executive of Koor, pulled it from the brink of bankruptcy in the early 1990s, restructured it and made it one of

the first Israeli companies with a listing on the New York Stock Exchange. One analyst suggested that the logical outcome of a public listing was the break-up of a holding company which has characterised Israel's corporate structure.

Such changes in Koor would, however, require consent from the state-owned Bank Hapoalim. The government plans to sell up to 69 per cent of the bank and has already put out tenders. It may be reluctant to back Mr Gold until that sale has been completed.

Middelhoff to take the helm at Bertelsmann

By Frederick Stüdemann in Gütersloh

Bertelsmann, the world's third biggest media company, yesterday named Mr Thomas Middelhoff, board member responsible for multi-media activities, as chief executive-designate.

The nomination of 44-year-old Mr Middelhoff is seen as the group's response to the rapid globalisation of its business and its move into new media such as the internet and digital broadcasting.

He will replace Mr Mark Wössner, current chief executive, who in line with company policy will move up to the supervisory board to October next year, when he turns 60.

Mr Wössner said the appointment was one of several managerial changes aimed at transferring power between the generations at the privately held Bertelsmann, which last year had

sales of DM21.5bn (\$12bn) and profits of DM900m.

Mr Wössner said the challenge for Mr Middelhoff would be to oversee the company's transformation into a fully-fledged entertainment and new media concern.

"Ten years ago we did not even know how to spell the word 'television'. Now we are the number one in European free-TV," he said, with reference to CLT-Ufa, the Luxembourg-based broadcasting group of which Bertelsmann holds 40 per cent.

In three years, Bertelsmann expects to make profits of DM100m on sales of DM2bn-DM3bn in areas such as internet services and digital television.

Mr Wössner said his successor was well-placed to manage this transformation. Mr Middelhoff led the group into new media through the acquisition of a stake in America Online, the

online services company.

Mr Middelhoff was also involved in the consolidation of Bertelsmann television interests through the DM1.5bn merger of its Ufa subsidiary with CLT and in negotiations with Kirch Group over digital pay-TV. Bertelsmann and Kirch Group, its main German competitor, recently settled an 18-month dispute over the development of digital pay-TV in Germany.

Under the agreement, Kirch and CLT-Ufa will concentrate their efforts on Premiere, an analogue pay-TV channel in which both have stakes, while Deutsche Telekom, whose cable network reaches half of Germany's households, will handle distribution and the technology needed to unscramble digital signals.

The three companies will share the start-up costs for digital, estimated at the DM2bn-DM3bn. CLT-Ufa



Thomas Middelhoff, appointed to oversee Bertelsmann's transformation into a fully-fledged new media concern

will also shoulder half of the DM10bn in commitments made to Hollywood studios by Kirch in a series of programming rights deals. Mr Wössner said the "ice breaker" was that the deal negotiated by Kirch were overly expensive.

Bertelsmann is also seeking to expand in other areas,

and is considering purchases in book publishing in the US, where it already owns Doubleday and Bantam.

Yesterday Bertelsmann denied rumours it was seeking to acquire McGraw-Hill. Industry sources say another takeover target could be Houghton Mifflin, the general trade publisher.

Group quiet on bid for CompuServe

Bertelsmann yesterday refused to comment on reports that it was backing a revived bid with ADL for rival CompuServe, writes Frederick Stüdemann.

However, sources close to the German company have said a bid for CompuServe, number two to ADL, the worldwide market leader, would "make sense".

This is particularly true in Germany. CompuServe, which is owned by B&R Block, the tax accountancy firm, is number two in German online services, with more than 400,000 subscribers. The leader is T-Online, a unit of Deutsche Telekom, with 1.4m subscribers. ADL has 300,000 subscribers in Germany.

Worldwide, CompuServe has more than 3m subscribers, while AOL has over 8m.

Bertelsmann owns a 5 per cent stake in the ADL, part in the US and 50 per cent of the subsidiary ADL Europe.

INTERNATIONAL NEWS DIGEST

BA sees progress in Brussels talks

Mr Robert Ayling, British Airways chief executive, said yesterday that talks with European Union regulators to resolve differences over BA's planned alliance with American Airlines had made progress.

"We are making some headway," Mr Ayling said after a meeting with Mr Karel Van Miert, European Competition Commissioner. But Mr Ayling repeated his position that failure to reach a deal by November, when airport landing slots for the 1998 season are allocated to airlines, would jeopardise the prospects for a deal. "There's a slot conference in November and I think that if we have not got something sorted out... it would go over to next year. I think that would be quite difficult to hold together," he said.

Reuter, Brussels

■ Bayerische Vereinsbank, the German bank, said yesterday it would sell its 16 per cent stake in Deutsche BA back to parent British Airways. The disposal, terms of which were not disclosed, will give the UK carrier a controlling 65 per cent holding in the German subsidiary. The bank had announced in April it would sell the holding this month, according to terms of a treaty with BA made at the time of the initial investment.

Reuter, Munich

Oce profits advance 50%

Shares in Oce-van der Grinten, the Dutch reprographics group, rose sharply in Amsterdam yesterday after the company announced better-than-expected first-half results. Profits rose 50 per cent to F110m (\$32m), with sales 40 per cent higher at F1.5bn.

Including acquisitions - mainly the F188m purchase of the printer division of Siemens Nixdorf (SNI Printing) in February last year - sales climbed 33 per cent, while favourable exchange rates pushed them a further 7 per cent higher.

Analysts said the SNI Printing purchase had helped speed up the company's US expansion and that the transition from analogue to digital systems proved less painful than expected. "The analogue market is not as weak as we feared and the deliveries of digital machines has come on stream earlier than expected," said Mr Edwin Flick, analyst at MeesPierson.

Oce's office systems division reported first-half sales 19 per cent higher at F1.1bn. The takeover of SNI Printing lifted the turnover of Oce's printing systems division from F1.2bn to F1.6bn.

Barbara Smith, Amsterdam

Sales rise at RWE

RWE, the German energy and industrial group, said sales rose from DM65.4bn in 1995 to DM70.8bn (\$40m) last year. Adjusted for new consolidations, sales were 4 per cent higher.

There was strong sales growth in the oil, chemical, machinery and plant and equipment divisions, but its energy division saw turnover fall, mainly because of an increase in electricity prices. Turnover fell in its mining and raw materials divisions after the closure of facilities in eastern Germany.

Parent company net profit rose about 7 per cent to "nearly" DM1.2bn, the company said, as a result of higher costs linked to the development of its telecommunications business. New spending on the o.tel.o telecommunications joint venture was one of the main causes for increased investment, which rose to a record DM10.7bn.

Graham Bowley, Frankfurt

Recoletos seeks buyer for digital TV stake

By David White in Madrid

Recoletos, the Spanish publishing subsidiary of the UK-based Pearson group, is to pull out of a government-backed digital television project in the middle of a highly political media battle.

The company wants to sell the 5 per cent stake it took in the venture in January,

who the main backers sought new partners to replace the Anteo 3 TV channel as a shareholder.

Mr Juan Kindelan, Recoletos chairman, said the decision followed "important differences" with two of the principal shareholders in the venture, the Spanish state broadcasting company RTVE and Televisa of Mexico.

It invested Ptas500m (\$3.4m) on its stake in the venture, due to launch Spain's second digital satellite network, Via Digital, in September with a basic package of 35 channels.

Recoletos, which includes the leading Spanish business daily Expansión and the sports newspaper Marca, is 95 per cent controlled by

Pearson, owner of the Financial Times.

The Spanish company was understood to have taken the digital TV shareholding on its own initiative, in addition to Pearson's reservations about the project.

Recoletos has become increasingly uncomfortable about the political controversy surrounding the

start-up of digital TV.

The European Commission last week began proceedings against Spain for legislation outlawing the decoders used by the existing digital network, Canal Satellite Digital.

Canal Plus, the French pay television group, said yesterday it would report a net profit of FF33bn (\$506m) from the sale of its stake in

the Premiere channel of Germany, writes Andrew Jack in Paris.

The company yesterday signed an agreement to sell its 37.5 per cent investment in Premiere to KirchGroup. As part of the exchange, Canal Plus will buy Kirch's 45 per cent holding in Teleplus, doubling its stake to 90 per cent.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NetWorth Securities Ltd was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS									
Index	US Dollar Index	Day's Change	Point	Yen Index	DM Index	Local Currency	% chg on day	Gross Div. Yield	Local Yield
Australia (78)	243.87	0.1	214.73	175.05	221.74	215.00	-0.2	3.58	243.80
Austria (25)	201.25	1.3	177.20	144.45	182.98	182.98	1.2	1.80	196.88
Belgium (29)	221.10	1.0	228.37	186.09	226.73	226.73	1.5	2.89	225.05
Brazil (30)	211.60	0.2	274.37	223.88	283.33	817.80	0.3	1.18	310.83
Canada (12)	215.49	0.9	189.74	134.08	195.94	214.33	0.7	1.70	213.49
Denmark (32)	380.22	-0.2	343.98	280.10	354.82	354.82	-0.3	1.45	309.88
Finland (28)	232.06	2.2	237.18	208.54	285.57	310.03	1.8	1.72	235.08
France (83)	233.93	1.0	207.74	189.35	214.53	218.22	0.9	2.40	238.89
Germany (59)	221.02	0.8	194.51	156.64	200.97	200.97	0.7	1.41	219.20
Hong Kong (66)	532.12	-1.4	468.53	381.85	483.85	529.01	-1.4	2.86	339.83
Indonesia (27)	233.09	0.9	222.65	181.67	230.13	377.52	0.8	1.71	251.19
Ireland (17)	233.93	0.6	219.05	200.08	328.48	333.56	0.6	2.89	321.93
Italy (69)	233.93	0.1	88.20	70.27	88.02	124.53	0.1	1.98	97.75
Japan (83)	138.11	-0.5	121.61	99.14	123.58	99.14	-0.3	0.79	137.43
Malaysia (107)	138.11	-0.2	451.64	368.18	468.40	497.98	-0.3	1.39	313.88
Mexico (27)	138.11	0.5	1454.44	1188.37	1491.32	1482.23	0.6	1.31	1621.06
Netherlands (19)	216.20	2.6	308.47	256.75	379.45	373.98	2.5	2.08	405.73
New Zealand (14)	98.00	1.4	84.53	68.91	87.29	75.21	1.4	3.88	94.10
Norway (41)	323.37	1.4	284.75	232.11	254.03	320.13	0.9	1.92	318.62
Philippines (22)	182.61	-0.6	143.18	116.12	147.88	213.98	-0.6	0.89	185.52
Singapore (23)	386.34	0.2	340.17	277.31	351.29	354.82	0.3	1.20	385.64
South Africa (44)	361.72	-0.1	318.50	256.64	326.90	357.75	-0.2	2.42	361.92
Spain (33)	274.06	1.2	241.37	196.72	238.18	306.73	1.1	2.17	270.60
Sweden (48)	482.65	1.8	433.78	353.62	447.98	563.72	1.4	1.63	434.89
Switzerland (28)	318.68	2.4	290.80	228.74	288.17	388.54	2.1	1.16	311.34
Thailand (42)	66.73	4.0	60.32	49.33	62.50	75.89	3.6	4.07	66.11
United Kingdom (219)	319.10	3.5	290.87	228.05	290.15	280.57	1.5	3.57	308.24
USA (844)	370.81	1.4	326.50	256.16	337.17	370.81	1.4	1.66	365.85
Americas (828)	339.43	1.3	288.37	243.64	308.64	285.80	1.3	1.65	339.04
Europe (718)	279.28	2.2	245.01	200.47	253.95	288.09	1.3	2.47	273.33
Europe (110)	418.11	1.5	388.30	300.40	380.54	416.37	1.1	1.77	412.57
Pacific Basin (881)	136.70	0.3	137.97	112.48	142.48	113.67	-0.3	1.25	136.29
Europe Pacific (1588)	207.87	1.3	183.03	149.21	183.01	168.38	0.6	1.94	205.14
North America (771)	361.20	1.3	318.04	256.27	328.49	380.37	1.3	1.66	358.45
Europe Ex. UK (508)	351.49	1.4	221.45	180.51	228.67	238.98	1.3	1.65	247.94
Pacific Ex. Japan (298)	317.48	-0.5	279.54	227.88	288.68	278.17	-0.6	2.68	298.59
North America Ex. US (1827)	361.20	1.3	188.39	151.94	182.48	178.37	0.8	1.82	208.03
World Ex. UK (2058)	256.90	1.1	226.20	184.40	233.80	226.29	0.9	1.60	254.19
World Ex. Japan (1968)	252.92	1.5	256.87	205.94	256.35	315.11	1.2	1.35	321.21
The World Index (2471)	282.25	1.3	230.32	188.24	236.46	331.45	0.9	1.80	288.87

Source: FTSE International Limited, Goldman Sachs & Co. and Standard & Poor's. 1997 All rights reserved. FT/S&P ACTUARIES is a joint trademark of The Financial Times, Goldman Sachs & Co. and Standard & Poor's. All prices are given in US dollars unless otherwise stated. Data from Data Flow to Data Flow Corp. USA.

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(in liquidation)
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NOTICE OF EXTRAORDINARY GENERAL MEETING

The shareholders are hereby invited to attend the Extraordinary General Meeting to be held at the registered office of the Company on 23 July 1997 at 11.00 a.m. with the following agenda:

1. Receipt of the report of the auditor to the liquidation.
2. Approval of the liquidation account.
3. Discharge to the Directors and the auditor for the period since 1st October 1996.
4. Discharge to the liquidator and the auditor to the liquidation.
5. Approval of the closing of the liquidation.
6. Deposit of the books and records of the company with Krediettrust to be retained for a period of five years.
7. Instruction to the liquidator for deposit of any monies which cannot be distributed prior to the total closing of the liquidation with the "Caisse de Consignation".

The shareholders are advised that no quorum is required for the items of the agenda and that the decisions will be taken at the simple majority of the share, present or represented at the Meeting. Each share is entitled to one vote. A shareholder may act at any Meeting by proxy.

By order of the Liquidator

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FTSE GOLD MINES INDEX

Index	Jul 3	Jul 2	Jul 1	Year	Gross Div. Yield	P/E	32 week
Gold Mines Index (21)	1278.81	-1.5	1288.31	282.21	2.28	-	275.00/1278.81
Africa (14)	1463.31	+1.8	1464.14	2812.57	5.37	22.31	2917.58/1463.31
Asia (10)	1341.03	-2.3	1341.03	1797.95	6.73	67.72	1842.58/1341.03
North America (7)	1341.03	-2.3	1341.03	1797.95	6.73	67.72	1842.58/1341.03

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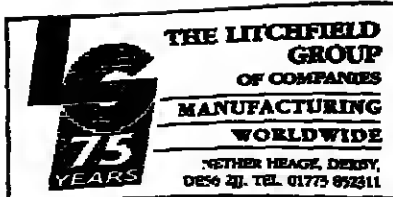
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LEGAL NOTICES



COMPANIES **FT** MARKETS



Weekend July 5/July 6 1997

German deal poses a new challenge to Allianz

Mergers to strengthen Munich Re's position

By Andrew Fisher in Frankfurt and Frederick Stüdemann in Berlin

Munich Re, the world's biggest reinsurance company, is poised to strengthen its position in the German insurance market following the merger of two companies in which it has significant stakes.

The deal - which brings together Hamburg-Mannheimer, a Munich Re subsidiary, and Victoria Insurance - reflects broader consolidation in Europe's financial services sector and presents a challenge to Allianz, the country's largest insurance company.

The new company - to be known as Ergo - will have annual sales of about DM21bn (\$12bn) and some 8 per cent of Germany's insurance market.

This is about half the market share of Allianz, which expects worldwide premium income of DM38bn this year, half of it from Germany. The

deal, however, raises the question of how long both Munich Re and Allianz can continue to own 26 per cent stakes in each other.

The federal cartel office, which has to approve the merger, said these cross-holdings would have to be examined. To complicate matters, Allianz also has a stake of 20 per cent in Hamburg-Mannheimer, giving it a 10 per cent stake in Ergo.

Mr Bob Yates, insurance analyst at For-Profit Keltan, the UK stockbroker, said the deal was of "major significance". It showed Munich Re was now serious about direct insurance and becoming more of a competitor to Allianz and less of an ally.

Shares of Munich Re closed DM362 higher at DM5,285, with Victoria's up by DM110 to DM1,900. Allianz gained DM16 to DM395.50. Germany's Dax index of blue chips ended the day at a new high of 3,946.73

points, with dealers expecting the 4,000 mark to be exceeded soon.

Munich Re owns 80 per cent of Hamburg-Mannheimer, 23.5 per cent of Victoria, and 12 per cent of Victoria's DAS subsidiary, Germany's biggest legal protection insurer.

Munich will own a stake of between 55 per cent and 80 per cent in Ergo. The deal will allow it to diversify its dependence on more volatile reinsurance business, and should increase earnings per share by about DM5 a year.

These rose last year from DM67.60 to DM140, following a sharp improvement in the group's underwriting performance.

Munich Re, which was advised by Morgan Stanley, the US investment bank, has been taking a more selective approach to its reinsurance business.

See Lex

GEC set to focus on US expansion

By Ross Tieman

Britain's General Electric Company is likely to make its US industrial businesses a focus for growth when the company unveils the results of its six-month strategic review on Tuesday.

In a drive to kick-start growth at the industrial group, which has sales of \$10bn (\$18.4bn) a year, GEC is likely to make its successful US operations and the defence subsidiary GEC-Marconi the central planks of its expansion plans.

The review was ordered late last year by Mr George Simpson, GEC's managing director, in response to City concerns at the sluggish growth of the group. Mr Simpson took over from Lord Weinstock, the group's creator, last September.

The review is thought to have concluded that the company should concentrate more of its effort on its wholly-owned businesses. GEC is believed to have held discussions with Alcatel of France over the future of their joint venture in power engineering, GEC Alsthom, and with Siemens of Germany over their telecommunications partnership GPT. It is unclear whether GEC has reached any agreement with either partner over the future of the businesses.

US businesses which could benefit from the expansion plans by investment or substantial acquisitions include the Picker International medical equipment business, Gilbarco petrol pumps, and printing specialist Videojet.

With annual sales in 1996 of \$875m and operating profits of \$32m, Picker International is already the world's fourth largest medical equipment manufacturer. Videojet, a manufacturer of ink-jet printers, made operating profits of \$37m on sales of \$289m, while Gilbarco is twinned with Avery Berkel in Europe to form GEC's Electronic Metrology division, which made operating profits of \$50m during 1996 on sales of \$550m.

In need of a blueprint, Page 7

THE LEX COLUMN

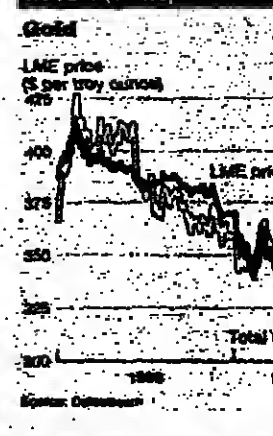
Tarnished gold

The Australian central bank has provided the gold market with the excuse for another bout of self-immolation. It hardly needed it. Sentiment was already shot to pieces following the Bre-X scandal and the Swiss National Bank's decision to sell gold in March. But yesterday was arguably even worse news: the central bank of a leading producer selling fully two-thirds of its reserves, and coming clean that better returns were available elsewhere. Speculators wasted no time driving the gold price below \$325 an ounce, a 12-year low.

South Africa, with its deep mines and limited hedging, is suffering most. But North American and Australian producers are also hurting. Gold shares have fallen heavily in all three markets. The worst is probably yet to come. The huge weight of speculative short positions will continue to drive prices lower - as far as \$280 an ounce in the view of some analysts. The slide will be arrested only when demand re-emerges, either from jewellers who have run down stocks or producers buying back their forward sales.

While gold shares now offer excellent value by most historic measures, most investors will find this appeal easy to resist. For the small minority who are tempted, South African high-cost producers represent the biggest risk but offer high rewards. The safer choices are low-cost North American and Australian producers with good reserves and decent cash backing.

FTSE Eurotrack 200: 2613.4 (+14.6)



be overcome. Proper due diligence can be a near impossibility. The continent's less developed stock markets make it harder to exit from investments. And restructuring costs are generally far higher.

That said, the purchase price for acquisitions in continental Europe remains lower. The dismantling of vast state holding companies such as Thomson-CSF and Finmeccanica should throw up attractive opportunities for buy-out funds. Moreover, it is hard to see a cyclical downturn around the corner, like the one that saw off Gateway. But there are definite signs of froth in the MBO industry.

Share buy-backs

Under New Labour's tax regime, how should companies distribute cash? For most, share buy-backs are probably the answer. Now that the dividend tax credit paid to pension funds has been abolished, institutional investors have no reason to prefer dividends. And one class of shareholders, high-rate taxpayers, will clearly prefer buy-backs: they have to pay extra tax on dividends but can avoid tax in a buy-back by hanging on to their shares.

Buy-backs have an edge not only when a company wants to gear itself up, an event that should be more common now Labour has made equity even more costly than debt, but also for ordinary annual distributions. Britain could even follow the US, where some companies have abandoned dividends completely in favour of buy-backs. If one side-effect is to change the way actuaries value pension funds - to look at market prices instead of dividends - that will be no bad thing.

Buy-backs, of course, do not help companies which already pay more advance corporation tax on dividends than normal corporation tax. ACT is payable on buy-backs too. Hence the idea being pushed by Reuters that companies should be allowed to buy in shares without incurring ACT. Hence also the notion that companies may launch a flood of foreign income dividends, which do not incur ACT, before they too are abolished in 1999. Even companies without an ACT problem should consider this mechanism because it would allow them to delay their tax payments, though not cut them. There is also the nuclear option, again floated by Reuters, of avoiding ACT forever by shifting domicile elsewhere.

Clever tax advisers will find more wheezes. But the best remedy is surely for the government to abolish ACT completely now the credit attached to it has vanished.

UK utilities

Counter-intuitive but true: Labour has been terrific for the utilities. Step back from this week's share price gyrations and the broad pattern is clear. The value gap, which persisted for so long, reflecting investors' exaggerated fears of political risks, has now largely evaporated. So where, investors must be wondering, can utility shares plausibly go after such a storming performance? After oil, some of the stocks, notably in the electricity sector, are beginning to look a little pricey on fundamentals - something previously almost unheard-of.

Of course, even without the broad undervaluation argument there remain some respectable reasons for hanging on to utility shares. Most obviously, they have compelling defensive attractions for those worried about the market or sterling. But rational though it is for investors to hold the stocks for their stability, they need to ensure managements understand that this is what they want. Diversification risk in this sector is far from dead. Meanwhile, a few intriguing pockets of value remain. One is Energy Group, still trading at an overblown 50p discount to PacificCorp's offer price. Another is BG, one of the few utilities still trading at a substantial discount to its regulatory assets. Value also remains in the water sector, in particular the multi-utilities, Hyder and United Utilities, still look attractively priced.

Japanese building group collapses owing \$4.5bn

By Michio Nakamoto and Gillian Tett in Tokyo

Tokai Kogyo yesterday became Japan's first listed construction company to collapse after its banks refused more loans.

The company's debt level of ¥510bn (\$4.47bn) is the eighth highest among Japanese corporate failures since the end of the war, according to private research organisation Teikoku Data Bank.

Tokai Kogyo has applied to the courts for corporate rehabilitation after it became clear a reconstruction plan it had agreed with its banks could no longer be supported.

The collapse is likely to fuel concern about the financial problems faced by many of Japan's medium-sized construction companies, which are weighed down with bad loans in the aftermath of the collapse of the 1990s property

bubble. It also highlights the bad debt problems at banks, which have extended large loans to property-related companies.

The Japanese government unveiled data showing that the total level of problem loans in the financial sector fell from ¥34,799bn to ¥27,900bn in the 1996 fiscal year.

But though strong banks have almost completed their bad loan write-offs, many smaller regional banks and lending co-operatives remain crippled with bad loans to the corporate sector.

Economists suspect that the total scale of the problem might be even larger than reported, because the losses generated by failures such as Tokai Kogyo are not always listed by the banks as potential bad loans.

One of the key victims of the collapse of Tokai Kogyo, for

example, was its main bank, Hokkaido Tokai Bank (Toku-gin), Takagi, with one of the largest bad loan levels of any major bank, said it had extended about ¥47.4bn to Tokai Kogyo.

The group's combined consolidated debts and loan guarantees of between ¥450bn and ¥460bn at the end of March were three times the value of sales at ¥170bn, said Ms Rie Murayama, industry analyst at Goldman Sachs in Tokyo.

Most Japanese construction companies were not only heavily in debt, they had long been dependent on public works projects for revenues, she added, warning: "I don't think this is the end (of failures in the industry)."

The Japanese government has pledged to cut public spending, and it is unlikely that its expenditure on public projects will increase.

Companies in this issue

AOL	23	Dai-ichi Kangyo	2
Alcatel	24	Deutsche BA	23
Allianz	24	Dywidag	5
American Airlines	23	GEC	7, 24
BAT	5	Glaxo Wellcome	5
Barnes & Noble	3	Koor Industries	23
Bayerische VB	23	Miller Group	5
Bear Stearns	23	Munich Re	24
British Airways	23	Nomura	2
Burmah Castrol	5	Oce-van der Grinten	5
CompuServe	23	Tokai Kogyo	24

Markets latest

STOCK MARKET INDICES	
FTSE 100	2613.4 (+14.6)
Yield	3.39
FTSE Eurotrack 100	2618.61 (+24.77)
FTSE All-Share	2260.51 (+0.4%)
Nikkei	19,868.00 (+13.41)
LONDON MONEY	
3-mo interbank	7% (7%)
Libor 6m 31st	Sept 14% (Sept 14%)
NORTH SEA OIL (Argus)	
Brent Dated	\$18.042 (+16.18)
Tokyo close	¥113.75

The New York markets were closed yesterday

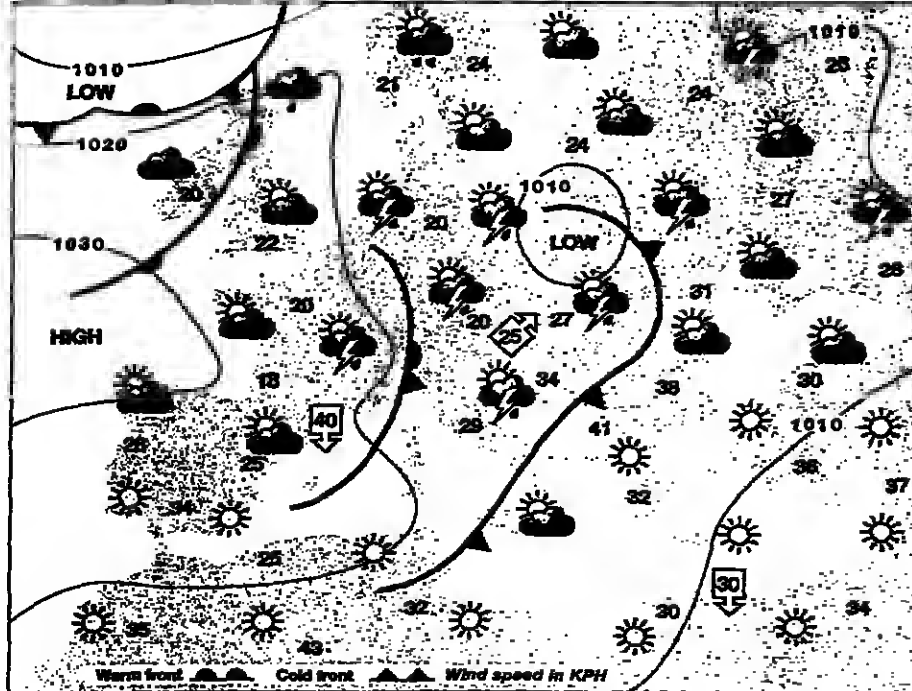
FT WEATHER GUIDE

Europe today

The Mediterranean region will be mainly sunny and warm, but thunder storms will develop in the morning across central Europe and parts of Poland and the Ukraine. There will be a few thunder showers over northern Italy but the south will be dry and sunny. France and the Benelux will have showers, mainly in eastern regions, but the west should stay dry with sunny periods. Southern Scandinavia will be mainly dry with just a few showers.

Five-day forecast

The Iberian peninsula and much of France will have more sun and warmer air. Much of eastern Europe will have thunder showers. Southern Scandinavia and UK will become more settled with long dry periods and higher temperatures.



TODAY'S TEMPERATURES

Location	Max	Min
Abu Dhabi	31	21
Accra	31	21
Algiers	31	21
Ankara	31	21
Athens	31	21
Bahia	31	21
Bangkok	31	21
Barcelona	31	21

Situation at 12 GMT. Temperatures maximum for day. Forecasts by Metro Consult of the Netherlands

Amsterdam	sun 21	Frankfurt	sun 21	London	sun 21	Madrid	sun 21	Paris	sun 21	Rangoon	sun 21
Ankara	sun 21	Geneva	sun 21	Luxembourg	sun 21	Rangoon	sun 21	Seoul	sun 21	Singapore	sun 21
Bahia	sun 21	Hamburg	sun 21	Vienna	sun 21	Singapore	sun 21	Taipei	sun 21	Tokyo	sun 21
Bangkok	sun 21	Helsinki	sun 21	Zurich	sun 21	Taipei	sun 21	Ulaanbaatar	sun 21	Washington	sun 21
Barcelona	sun 21	Hong Kong	sun 21	Yokohama	sun 21	Ulaanbaatar	sun 21	Wellington	sun 21	Winnipeg	sun 21
Berlin	sun 21	Kobe	sun 21	Yokohama	sun 21	Wellington	sun 21	Winnipeg	sun 21	Zurich	sun 21
Bombay	sun 21	London	sun 21	Zurich	sun 21	Winnipeg	sun 21	Zurich	sun 21		
Buenos Aires	sun 21	Madrid	sun 21			Zurich	sun 21				
Buenos Aires	sun 21	Moscow	sun 21								
Buenos Aires	sun 21	Mumbai	sun 21								
Buenos Aires	sun 21	Nairobi	sun 21								
Buenos Aires	sun 21	Rangoon	sun 21								
Buenos Aires	sun 21	Seoul	sun 21								
Buenos Aires	sun 21	Singapore	sun 21								
Buenos Aires	sun 21	Taipei	sun 21								
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Buenos Aires	sun 21	Wellington	sun 21								
Buenos Aires	sun 21	Winnipeg	sun 21								
Buenos Aires	sun 21	Zurich	sun 21								



One thing hasn't changed about Rockwell - our hallmark is still technology leadership.



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